

Lordsburg Municipal School District No. 1

**FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS'
REPORT THEREON**

For The Fiscal Year Ended June 30, 2015

Lordsburg Municipal School District #1
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Lordsburg Municipal School District No. 1
DIRECTORY OF OFFICIALS
June 30, 2015

BOARD OF EDUCATION

Manuel D.V. Saucedo	President
Ali Salinas	Vice-President
Alfredo Morales	Secretary
Ruben Gomez	Member
Tina Hayes	Member

SCHOOL OFFICIALS

Randall Piper	Superintendent
Tina Diaz	Business Manager

MIKE STONE, C.P.A.
LINDA STONE MCGEE, C.P.A.
KAY STONE, C.P.A.
JARROD MASON, C.P.A.
KELLEY WYATT, C.P.A.

RYAN MONTOYA, C.P.A.

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INDEPENDENT AUDITOR'S REPORT

Timothy Keller, State Auditor
And
Board of Education
Lordsburg Municipal School District No. 1
Lordsburg, New Mexico

Report on Financial Statements

We were engaged to audit the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and the major special revenue funds of the Lordsburg Municipal School District No. 1 (District) as of and for the year ended June 30, 2015, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents. We were also engaged to audit the financial statements of each of the District's non-major governmental funds, the components of the general fund, and the budgetary comparisons for the components of the general fund, the non-major special revenue funds, the debt service fund, and the capital projects funds presented as other supplementary information, as defined by the Governmental Accounting Standards Board in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2015, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for audit opinions.

Basis for Disclaimer of Opinion

The District did not perform cash reconciliations of its bank accounts, and did not reconcile cash to individual funds. The District's records do not permit the application of other auditing procedures to cash.

Disclaimer of Opinion

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for audit opinions. Accordingly, we do not express an opinion on the financial statements referred to in the first paragraph of this report.

Other Matters

Required Supplementary Information

Lordsburg Municipal School District No. 1 has not presented management's discussion and analysis that is required by accounting principles generally accepted in the United States of America to supplement, although not required to be a part of, the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

We were engaged for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements, the combining and individual fund financial statements, and budgetary comparisons. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the other schedules presented as other supplemental data as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph of this report, it is inappropriate to and we do not express an opinion on the supplementary information referred to above.

The Schedule of Vendor Information, listed as other information in the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2015, on our consideration of Lordsburg Municipal School District No. 1's internal control over

financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Stone, McGee & Co CPAs

Silver City, New Mexico
October 29, 2015

Stone, McGee & Co.
Certified Public Accountants

Lordsburg Municipal School District #1
STATEMENT OF NET POSITION
June 30, 2015

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 3,252,733
Property taxes receivable	118,048
Due from other governments	538,927
Inventory	23,259
Capital assets:	
Land and improvements	341,566
Buildings and improvements	29,730,810
Equipment	4,176,865
Construction in progress	897,805
Less accumulated depreciation	<u>(17,984,703)</u>
Total capital assets, net of depreciation	<u>\$ 17,162,343</u>
Total assets	<u>\$ 21,095,310</u>
Deferred Outflows of Resources	
Related to pensions	<u>\$ 828,478</u>
Liabilities	
Accounts payable	\$ 482,354
Bond premiums	1,742
Long-term liabilities:	
Portion due or payable within one year:	
Bonds payable	550,000
Accrued interest payable	37,691
Portion due or payable after one year:	
Net pension liability	8,043,362
Bonds payable	4,775,000
Compensated absences	<u>52,087</u>
Total liabilities	<u>\$ 13,942,236</u>
Deferred Inflows of Resources	
Related to pensions	<u>\$ 851,004</u>
Net Position	
Net investment in capital assets	\$ 13,020,663
Restricted for:	
Capital projects	138,246
Debt service	810,238
Other purposes	783,307
Unrestricted	<u>(7,621,906)</u>
Total net position	<u><u>\$ 7,130,548</u></u>

The accompanying notes are an integral part of these financial statements

Lordsburg Municipal School District #1
STATEMENT OF ACTIVITIES
 For the Fiscal Year Ended June 30, 2015

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>
			<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Total Governmental Activities</u>
Governmental activities:					
Instruction	\$ 3,872,968	\$ 113,090	\$ 1,360,965	\$ -	\$ (2,398,913)
Support services - Students	569,408		72,831		(496,577)
Support services - Instruction	170,464		7,142		(163,322)
General administration	222,429		1,722		(220,707)
School administration	1,011,578		95,800		(915,778)
Central services	259,992		6,890		(253,102)
Operation of plant	923,190		15,987	21,075	(886,128)
Food services	366,983	32,432	18,732		(315,819)
Transportation	417,788		352,272		(65,516)
Other support services	9,674				(9,674)
Bond issue costs					-
Interest on long-term debt	153,733				(153,733)
	<u>\$ 7,978,207</u>	<u>\$ 145,522</u>	<u>\$ 1,932,341</u>	<u>\$ 21,075</u>	<u>\$ (5,879,269)</u>
Total governmental activities					

General revenues:	
Property taxes:	
Levied for general purposes	\$ 61,641
Levied for debt service	852,053
Levied for capital improvements	252,662
State aid - formula grants	5,037,208
Recoveries and refunds	43,222
Gain on disposition of assets	
Unrestricted investment earnings	1,067
	<hr/>
Total general revenues and special items	\$ 6,247,853
	<hr/>
Change in net position	\$ 368,584
	<hr/> <hr/>
Net position - beginning of year, as originally stated	14,680,183
Restatement	(7,918,219)
	<hr/>
Net position - beginning of year, as restated	\$ 6,761,964
Change in net position	368,584
	<hr/>
Net position - end of year	\$ 7,130,548
	<hr/> <hr/>

The accompanying notes are an integral part of these financial statements.

Lordsburg Municipal School District #1
BALANCE SHEETS
GOVERNMENTAL FUNDS
June 30, 2015

	General Fund	Title I	SB-9	Bond Building
Assets				
Cash and investments	\$ 36,278	\$ -	\$ 581,268	\$ 1,773,461
Property taxes receivable	7,212		27,938	
Inventory	17,976			
Due from other governments		115,828		
Interfund receivable	520,097			
Total assets	\$ 581,563	\$ 115,828	\$ 609,206	\$ 1,773,461
 Liabilities				
Accounts payable	\$ 26,209	\$ -	\$ 1,042	\$ 451,895
Interfund payable	3,926	115,828		
Total liabilities	\$ 30,135	\$ 115,828	\$ 1,042	\$ 451,895
 Deferred Inflows of Resources				
Unavailable revenue	\$ 6,317	\$ -	\$ 24,136	\$ -
Total deferred inflows of resources	\$ 6,317	\$ -	\$ 24,136	\$ -
 Fund balance:				
Nonspendable:				
Inventories	\$ 17,976	\$ -	\$ -	\$ -
Restricted for:				
Education	26,303		584,028	
Food service				
Social services				
Transportation	9,338			
Capital projects				1,321,566
Debt service				
Unassigned	491,494			
Total fund balances	\$ 545,111	\$ -	\$ 584,028	\$ 1,321,566
Total liabilities, deferred inflows of resources and fund balances	\$ 581,563	\$ 115,828	\$ 609,206	\$ 1,773,461

The accompanying notes are an integral part of these financial statements.

<u>Debt Service</u>	<u>Other Funds</u>	<u>Total Governmental Funds</u>
\$ 765,031	\$ 96,695	\$ 3,252,733
82,898		118,048
	5,283	23,259
	423,099	538,927
	3,926	524,023
<u>\$ 847,929</u>	<u>\$ 529,003</u>	<u>\$ 4,456,990</u>
\$ -	\$ 3,208	\$ 482,354
	404,269	524,023
<u>\$ -</u>	<u>\$ 407,477</u>	<u>\$ 1,006,377</u>
\$ 69,911	\$ -	\$ 100,364
<u>\$ 69,911</u>	<u>\$ -</u>	<u>\$ 100,364</u>
\$ -	\$ 5,283	\$ 23,259
	22,425	632,756
	93,818	93,818
		-
		9,338
		1,321,566
778,018		778,018
		491,494
<u>\$ 778,018</u>	<u>\$ 121,526</u>	<u>\$ 3,350,249</u>
<u>\$ 847,929</u>	<u>\$ 529,003</u>	<u>\$ 4,456,990</u>

Lordsburg Municipal School District #1
**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE
 TO NET POSITION OF GOVERNMENTAL ACTIVITIES**
 June 30, 2015

Total governmental fund balances	\$	3,350,249
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		17,162,343
Bond premiums are deferred and amortized over the life of the bonds		(1,742)
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds: Property taxes not collected within the 60 day availability period		100,364
Deferred outflows and inflows or resources related to pensions are applicable to future periods and, therefore, are not reported in the funds		
Deferred inflows of resources related to pensions		(851,004)
Deferred outflows of resources related to pensions		828,478
Long-term liabilities, including bonds payable, compensated absences and accrued interest payable are not due and payable in the current period and therefore are not reported in the funds:		
Net pension liability		(8,043,362)
Bonds payable		(5,325,000)
Accrued interest payable		(37,691)
Accrued compensated absences		(52,087)
		7,130,548
<i>Net Position of Governmental Activities</i>	\$	7,130,548

The accompanying notes are an integral part of these financial statements.

Lordsburg Municipal School District #1
**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**
For The Fiscal Year Ended June 30, 2015

	General Fund	Title I	SB-9	Bond Building
Revenues:				
Property taxes	\$ 59,338	\$ -	\$ 243,421	\$ -
Fees and charges	77,003			
State aid	5,666,229			
Federal aid	19,970	316,458		
Earnings on investments	159		261	528
Miscellaneous	41,318		616	
	<u>\$ 5,864,017</u>	<u>\$ 316,458</u>	<u>\$ 244,298</u>	<u>\$ 528</u>
Expenditures:				
Current:				
Instruction	\$ 2,723,933	\$ 288,349	\$ -	\$ -
Support services - Students	457,611			
Support services - Instruction	150,256			
General administration	201,240		2,467	
School administration	845,489	28,109		
Central services	238,071			
Operation of plant	756,821		80,192	
Food service	30,468			
Transportation	360,686			
Other support services	9,674			
Debt service:				
Principal				
Interest				
Bond issue costs				
Capital outlay			7,217	816,680
	<u>\$ 5,774,249</u>	<u>\$ 316,458</u>	<u>\$ 89,876</u>	<u>\$ 816,680</u>
Revenues over (under) expenditures	\$ 89,768	\$ -	\$ 154,422	\$ (816,152)
Other financing sources:				
Bond proceeds				
	<u>\$ 89,768</u>	<u>\$ -</u>	<u>\$ 154,422</u>	<u>\$ (816,152)</u>
Net change in fund balance	\$ 89,768	\$ -	\$ 154,422	\$ (816,152)
Fund balance, June 30, 2014	455,343	-	429,606	2,137,718
	<u>455,343</u>	<u>-</u>	<u>429,606</u>	<u>2,137,718</u>
Fund balance, June 30, 2015	\$ 545,111	\$ -	\$ 584,028	\$ 1,321,566
	<u>\$ 545,111</u>	<u>\$ -</u>	<u>\$ 584,028</u>	<u>\$ 1,321,566</u>

The accompanying notes are an integral part of these financial statements.

<u>Debt Service</u>	<u>Other Funds</u>	<u>Governmental Funds Total</u>
\$ 821,711	\$ -	\$ 1,124,470
	68,519	145,522
	440,589	6,106,818
	547,378	883,806
60	59	1,067
	1,288	43,222
<u>\$ 821,771</u>	<u>\$ 1,057,833</u>	<u>\$ 8,304,905</u>
\$ -	\$ 548,217	\$ 3,560,499
	72,831	530,442
	7,142	157,398
8,330	1,722	213,759
	67,691	941,289
	6,890	244,961
	15,987	853,000
	318,935	349,403
	2,936	363,622
		9,674
665,000		665,000
157,730		157,730
		-
	21,075	844,972
<u>\$ 831,060</u>	<u>\$ 1,063,426</u>	<u>\$ 8,891,749</u>
\$ (9,289)	\$ (5,593)	\$ (586,844)
		-
\$ (9,289)	\$ (5,593)	\$ (586,844)
<u>787,307</u>	<u>127,119</u>	<u>3,937,093</u>
<u>\$ 778,018</u>	<u>\$ 121,526</u>	<u>\$ 3,350,249</u>

Lordsburg Municipal School District #1
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**

June 30, 2015

Net change in fund balances-total governmental funds	\$	(586,844)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their useful lives as depreciation expense.

Capital outlay		844,972
Depreciation expense		(436,416)

Bond proceeds are reported as financing sources in the funds. In the Statement of Activities, however, issuing debt increases long-term liabilities.		-
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Revenue in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. This is the net change during the year:

Property taxes not collected within the 60 day availability period		41,886
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Governmental funds report pension contributions as expenditures. However in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense

Pension contributions		517,257
Cost of benefits earned net of employee contributions		(664,926)

Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets		665,000
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Bond premiums are revenues in the funds but are deferred and amortized in the Statement of Activities.

Bond premiums		-
Amortization		511

In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. This is the net change during the year.

		3,486
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Some expenses reported in the Statement of Activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. This is the net change during the year.

		(16,342)
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<i>Change in Net Position of Governmental Activities</i>	<u>\$</u>	<u>368,584</u>
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The accompanying notes are an integral part of these financial statements.

Lordsburg Municipal School District #1
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ 3,403	\$ 19,970	\$ 16,567
State sources	5,748,337	5,741,176	5,666,229	(74,947)
Local sources	132,890	132,890	134,534	1,644
Interest income	280	280	159	(121)
Total revenues	\$ 5,881,507	\$ 5,877,749	\$ 5,820,892	\$ (56,857)
Expenditures:				
Current:				
Instruction	\$ 2,906,347	\$ 2,915,808	\$ 2,656,373	\$ 259,435
Support services - Students	539,657	531,525	457,421	74,104
Support services - Instruction	168,350	171,575	150,256	21,319
General administration	188,349	212,005	200,678	11,327
School administration	836,009	858,982	844,813	14,169
Central services	226,790	248,230	237,533	10,697
Operation of plant	881,733	817,728	758,740	58,988
Transportation	378,122	362,458	360,661	1,797
Other support services	40,543	40,543	13,376	27,167
Food services	50,955	50,891	28,468	22,423
Capital outlay				-
Non-operating				-
Total expenditures	\$ 6,216,855	\$ 6,209,745	\$ 5,708,319	\$ 501,426
Revenues over (under) expenditure:	\$ (335,348)	\$ (331,996)	\$ 112,573	\$ 444,569
Other financing sources (uses)				
Transfers out	-	-	-	-
Net change in fund balance	\$ (335,348)	\$ (331,996)	\$ 112,573	\$ 444,569
Fund balance, July 1, 2014	335,348	331,996	429,084	97,088
Fund balance, June 30, 2015	\$ -	\$ -	\$ 541,657	\$ 541,657
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 89,768	
Revenue accruals (net)			801	
Expenditure accruals (net)			18,133	
Non-budgeted transactions (net)			3,871	
Net change in fund balance, NON-GAAP budgetary basis			\$ 112,573	

The accompanying notes are an integral part of these financial statements

Lordsburg Municipal School District #1
SPECIAL REVENUE FUND - TITLE I
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 293,703	\$ 386,375	\$ 273,817	\$ (112,558)
Expenditures:				
Current:				
Instruction	\$ 265,431	\$ 345,431	\$ 288,349	\$ 57,082
Support services - Students				-
School administration	28,272	40,944	28,109	12,835
Total expenditures	\$ 293,703	\$ 386,375	\$ 316,458	\$ 69,917
Net change in fund balance	\$ -	\$ -	\$ (42,641)	\$ (42,641)
Fund balance, July 1, 2014	-	-	(73,187)	(73,187)
Fund balance, June 30, 2015	\$ -	\$ -	\$ (115,828)	\$ (115,828)
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(42,641)	
Expenditure accruals (net)				
Other financing uses (net)				
Net change in fund balance, NON-GAAP budgetary basis			\$ (42,641)	

The accompanying notes are an integral part of these financial statements.

Lordsburg Municipal School District #1
SPECIAL REVENUE FUND - SENATE BILL 9
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ -		\$ 616	\$ 616
Local sources	244,081	259,175	246,712	(12,463)
Earnings on investments	150	150	261	111
Total revenues	\$ 244,231	\$ 259,325	\$ 247,589	\$ (11,736)
Expenditures:				
Current:				
Administration	\$ 2,467	\$ 2,467	\$ 2,467	\$ -
Operation of plant	548,296	568,390	80,370	488,020
Capital outlay	62,000	57,000	7,343	49,657
Total expenditures	\$ 612,763	\$ 627,857	\$ 90,180	\$ 537,677
Net change in fund balance	\$ (368,532)	\$ (368,532)	\$ 157,409	\$ 525,941
Fund balance, July 1, 2014	368,532	368,532	423,859	55,327
Fund balance, June 30, 2015	\$ -	\$ -	\$ 581,268	\$ 581,268
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 154,422	
Revenue accruals (net)			3,291	
Expenditure accruals (net)			(304)	
Net change in fund balance, NON-GAAP budgetary basis			\$ 157,409	

The accompanying notes are an integral part of these financial statements.

Lordsburg Municipal School District #1
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
June 30, 2015

	Private Purpose Trust Funds	Agency
Assets		
Cash and investments	\$ 53,615	\$ 96,428
Interest receivable		
	<u>\$ 53,615</u>	<u>\$ 96,428</u>
Total assets	<u>\$ 53,615</u>	<u>\$ 96,428</u>
 Liabilities and Net Position		
Deposits held for others	\$ -	\$ 96,428
	<u>\$ -</u>	<u>\$ 96,428</u>
Total liabilities	<u>\$ -</u>	<u>\$ 96,428</u>
 Net Position:		
Reserved for scholarship	\$ 615	
Reserved for endowment	53,000	
	<u>53,615</u>	
Total net position	<u>\$ 53,615</u>	

The accompanying notes are an integral part of these financial statements.

Lordsburg Municipal School District #1
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2015

	<u>Private Purpose Trust Funds</u>
Additions	
Gifts and contributions	\$ -
Interest earned	<u>20</u>
Total additions	\$ 20
 Deductions	
Scholarships awarded	<u>-</u>
Change in net position	\$ 20
Net position, July 1, 2014	<u>53,595</u>
Net position, June 30, 2015	<u><u>\$ 53,615</u></u>

The accompanying notes are an integral part of these financial statements.

Lordsburg Municipal Schools
NOTES TO FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2015

Note 1 Summary of Significant Accounting Policies

Lordsburg Municipal Schools organized under the laws of the State of New Mexico, operates under the school board-superintendent form of government. The System provides public education opportunities for children from first through twelfth grade, including but not limited to classroom and vocational studies; as well as school oriented social and athletic activities.

The District's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the District are discussed below:

A. REPORTING ENTITY

These financial statements present the District (the primary government). As defined by Generally Accepted Accounting Principles, component units are legally separate entities that are included in the District's reporting entity because of the significance or their operating no financial relationships with the District. Based on the criterion in Generally Accepted Accounting Principles, the District had no component units.

B. BASIS OF PRESENTATION

Government-wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The District has no business-type activities.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues and expenditure/expenses. Funds are organized into two major categories: governmental, and fiduciary. An emphasis is placed on

major funds within the governmental categories. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type.

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

The General Fund is the primary operating fund of the District and always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds. Included in the General Fund are sub-funds: Operational, the Unrestricted District Fund; Transportation, which accounts for State source revenue used to transport students; Instructional Materials, which accounts for State Source Funds used to purchase textbooks; and Non-instructional Support, which accounts for various student extracurricular activities.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for certain purposes.

Capital Project Fund

The Capital Project Fund is used to account for resources restricted for the acquisition or construction of specific capital projects or items.

Debt Service Fund

The Debt Service Fund accounts for the accumulation of financial resources for the payment of interest and principle on the general long-term debt of the District.

Fiduciary Funds

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support District programs. The reporting focus is a net position and changes in net position and are reported using accounting principles similar to proprietary funds.

Agency Funds account for assets held in a purely custodial capacity. Since agency funds are custodial in nature (i.e.) assets equal liabilities, they do not involve the measurements of results of operations. Typically, these funds are owned by clubs, athletic teams, and/or student organizations.

The emphasis in fund financial statements is on the major funds in the governmental category. Non-major funds are summarized into a single column.

The District's fiduciary funds are presented in the fiduciary fund financial statements by type (pension, private purpose and agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

Major-Fund Descriptions

General – See above description

Title I – To account for the federal assistance provided to the District for the improvement of educational opportunities to deprived children, and is a Special Revenue Fund. (Authority, P.L. 103-382).

SB -9 - Created by State Law to account for the Districts tax levy restricted solely for improvements to the physical plant NMSA 1978 22-25-1, and is a special revenue fund.

Debt Service – See above description.

Bond Building – accounts for bond proceeds along with other funding to be utilized for construction of facilities, and is a Capital Project Fund.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of net position and the Statement of Activities, governmental activities are presented using the economic resources measurement focus as defined in item “b” below.

In the fund financial statements, the “current financial resources” measurement focus is used.

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets, deferred outflows of resources, liabilities and deferred inflows of resources are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

- b. The government-wide financial statements and Agency Funds utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), and financial position. All assets, deferred outflows of resources, liabilities and deferred inflows of resources (whether current or noncurrent) associated with their activities are reported. Revenues, expenses, gains, losses, assets, deferred outflow of resources, liabilities and deferred inflows of resources resulting from non-exchange transactions are recognized when the earnings process is complete.

BASIS OF ACCOUNTING

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. Accrual

The government-wide financial statements and the fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

2. Modified Accrual:

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. “Available” means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

Substantially all governmental fund revenues are accrued. In applying GASBS No. 33 to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met and reported as deferred outflows of resources by the provider and deferred inflows of resources by the recipient. Grant revenues not collected within 60 days of year end are recorded as receivables and deferred inflows of resources. Such amounts are recorded net of estimated uncollectible amounts.

Property tax receivables are recognized net of estimated refunds and uncollectible amounts in the period for which the taxes are levied, even if they are not available. Property taxes not collected within 60 days of year end are reported as deferred inflows of resources. Property taxes are considered fully collectible.

In the government-wide Statement of Net Position, the governmental activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position are reported in three parts – net investment in capital assets, net of related debt; restricted net position; and unrestricted net position. The District first utilizes restricted resources when an expense is incurred and for purposes for which both restricted and unrestricted net position are available.

The government-wide Statement of Activities reports both the gross and net cost of each of the District's functions. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Charges for services include revenue based on exchange or exchange-like transactions. These revenues arise from charges to customers or applicants who purchase use or directly benefit from the goods, services or privileges provided. Revenues in this category include fees charged for specific service, such as attendance at athletic events, food service, copies and auxiliary services. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function) are normally covered by general revenue (property taxes, intergovernmental revenues, interest income, etc.).

The District does not allocate indirect costs.

This government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

D. BUDGETS

Budgets for the General, Special Revenue, Debt Service and Capital Projects Funds are prepared by management and approved by the local school board and the Public Finance School Division of the Department of Education. The general fund GAAP presentation includes certain non-budgeted activity funds. Such funds are excluded from the general fund budgetary comparisons. The bond building fund's GAAP presentation includes funding from the public schools facility authority, which makes payments directly to vendors. Such amounts are excluded from the bond building budgetary comparison.

These budgets are prepared on the **NON-GAAP** cash basis, excluding encumbrances, and secure appropriation of funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year.

Actual expenditures may not exceed the budget on a functional category basis, i.e., each budgeted expenditure must be within budgeted amounts. Budgets may be amended in two ways. If a budget transfer is necessary within a major category called a “series”, this may be accomplished with only local Board of Education approval. If a transfer between “series” or a budget increase is required approval must also be obtained from Public Education Department.

The budgetary information presented in these financial statements has been amended in accordance with the above procedures.

E. CASH AND INVESTMENTS

Cash includes amounts in demand deposits as well as short-term investments with a maturity of six months from the date acquired by the government. State statutes authorize the government to invest in obligations of the U.S. Treasury, interest-bearing accounts with local financial institutions and the State Treasurer Pool.

New Mexico Statutes require that financial institutions with public monies on deposit pledge collateral, to the owners of such monies, in an amount not less than 50% of the public monies held on deposit. Collateral pledged is held in safekeeping by other financial institutions, with safekeeping receipts held by the District. The pledged securities remain in the name of the financial institution. Repurchase agreements are required to be collateralized 102%.

F. INVENTORIES

Except for U.S.D.A. commodities, which are shown at estimated value, inventories are valued at cost (first-in, first-out). Inventory in the Cafeteria Fund consists mainly of food items. Inventories, in other governmental fund types, consist primarily of supply-type assets.

G. CAPITAL ASSETS

Capital assets purchased or acquired with an original cost of \$5,000.00 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value s of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repair and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	20-50 years
Software and library resources	3-5 years
Machinery and equipment	5-10 years
Improvements	10-20 years

The accounting treatment over property, plant and equipment depends on whether they are reported in the government-wide financial statements or fund financial statements. In the government-wide financial statements, capital assets are accounted for as capital assets. In the fund financial statements, capital assets are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

H. LONG-TERM DEBT

The accounting treatment of long-term debt depends on whether the assets are reported in the government-wide or fund financial statements.

All long-term debt is to be repaid from governmental resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of bonds payable, accrued compensated absences, and lease purchases.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principle and interest reported as expenditures.

I. COMPENSATED ABSENCES

The District's policies regarding vacation time permit employees to accumulate earned but unused vacation leave. The liability for these compensated absences is recorded as long-term debt in the government-wide statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources. These liabilities have typically been liquidated from general fund resources.

J. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents consumption of net position that applies to a future period, and so will not be recognized as an outflow or resource (expenses/expenditures) until then. The District has deferred outflows of resources related to pensions, as discussed in Note 5.

In addition to liabilities, the statement of financial position and/or balance sheet will sometimes reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenues) until that time. The District has one type of item, which arises only under the modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item unavailable revenue, has reported in the governmental funds balance sheet. The amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The District reports unavailable revenue from the following sources:

Governmental Funds Balance Sheet

	General Fund	SB-9 Fund	Debt Service Funds	Total
Property taxes	<u>\$ 6,317</u>	<u>\$ 24,136</u>	<u>\$ 69,911</u>	<u>\$100,364</u>

K. EQUITY CLASSIFICATIONS

Government-wide Statements

Equity is classified as net position and displayed in three components.

- a. Net investment in capital assets, net of related debt – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, ore improvement of those assets.
- b. Restricted net position – consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – all other net positions that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Fund Statements

During the year ended June 30, 2012, the District implemented GASB Statement 54 “Fund Balance Reporting and Governmental Fund Type Definitions”. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balance more transparent. The following classifications describe the relative strength of the spending constrains placed on the purposes for which resources can be used:

- Non-spendable fund balance – amounts that are not in a spendable form (such as inventory) or are required to remain intact.
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance – amounts constrained to specific purposes by the government itself, using its highest level of decision-making authority, to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change its constraints.

- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the government body delegates the authority.
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

The Board of Education establishes (and modifies or rescinds) fund balance commitments by adoption of a resolution or a vote of the Board. This is typically done through the adoption and amendment of the budget. Assigned fund balance is established by the Board of Education through adoption or amendment of the budget as intended for a specific purpose (such as purchase of fixed assets, construction, debt service or for other purposes). Expenditures incurred are normally paid from the most highly constrained fund balance.

L. PROPERTY TAX

Property taxes attach as an enforceable lien on property as of January 1. Property tax rates for the year are set no later than September 1 each year by the Secretary of Finance and Administration. The rates of tax are then used by County Assessors to develop the property tax schedule by October 1. Taxes are payable in equal semiannual installments by November 10 and April 10 of the subsequent year and become delinquent 30 days later. Taxes are collected on behalf of the District by the County Treasurer, and are remitted to the District in the month following collection. Because the Treasurer of the County in which the District is located is statutorily required to collect taxes as an intermediary agency for all forms of government, distribution of taxes are made through the applicable county to the District.

The District is permitted to levy taxes for general operating purposes up to \$.50 per \$1,000 of taxable value for both residential and nonresidential property, taxable value being defined as one third of the fully assessed value. In addition, the District is allowed to levy taxes for payments of bond principal and interest in amounts approved by voters of the District, as well as a Two Mill levy for District improvements. The District's total tax rate to finance general government services for the year ended June 30, 2015 was \$.55 per \$1,000 for non-residential property and \$.446 for residential property. The District's tax rate for debt service was \$6.682 per \$1,000 for both residential and nonresidential property. The District's tax rate for District improvements was \$2.00 per \$1,000 for residential and \$2.00 for nonresidential property.

M. INTER-FUND ACTIVITY

Inter-fund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as inter-fund receivables and payable as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other inter-fund transactions are treated as transfers. Inter-fund activity

between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

N. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2 Custodial Credit Risk

Custodial credit risk is the risk in the event of a bank failure the government’s deposits may not be returned to it. The government does not have a deposit policy for credit risk beyond that disclosed in Note 1. As of June 30, 2015 \$1,636,758 of the government bank balance of \$3,855,200 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized		<u>\$ 1,636,758</u>
	<u>Bank Balance</u>	<u>Carrying Amount</u>
Deposits by custodial risk category:		
Insured	\$ 250,000	\$ 250,000
Collateral held by the pledging bank’s agent in the District’s name	1,968,442	1,968,442
Uninsured and uncollateralized	<u>1,636,758</u>	<u>1,184,334</u>
	<u>\$ 3,855,200</u>	<u>\$ 3,402,776</u>

Note 3 Capital Assets

Capital asset activity for the year ended June 30, 2015, was as follows:

	<u>Balance July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2015</u>
Capital assets not being depreciated:				
Land	\$ 341,566	\$ -0-	\$ -0-	\$ 341,566
Construction in progress	<u>101,971</u>	<u>795,834</u>	<u>-0-</u>	<u>897,805</u>
Total assets not being depreciated	<u>\$ 443,537</u>	<u>\$ 795,834</u>	<u>\$ -0-</u>	<u>\$ 1,239,371</u>
Other capital assets:				
Building and improvements	\$ 29,681,672	\$ 49,138	\$ -0-	\$ 29,730,810
Furniture and equipment	<u>4,176,865</u>	<u>-0-</u>	<u>-0-</u>	<u>4,176,865</u>

Total other capital assets at historical cost	<u>\$ 33,858,537</u>	<u>\$ 49,138</u>	<u>\$ -0-</u>	<u>\$ 33,907,675</u>
Less accumulated depreciation:				
Buildings and improvements	\$(13,627,408)	\$ (348,228)	\$ -0-	\$(13,975,636)
Furniture and equipment	<u>(3,920,879)</u>	<u>(88,188)</u>	<u>-0-</u>	<u>(4,009,067)</u>
Total accumulated depreciation	<u>\$(17,548,287)</u>	<u>\$ (436,416)</u>	<u>\$ -0-</u>	<u>\$(17,984,703)</u>
Other capital assets, net	<u>\$ 16,310,250</u>	<u>\$ (387,278)</u>	<u>\$ -0-</u>	<u>\$ 15,922,972</u>
Total capital assets, net	<u>\$ 16,753,787</u>	<u>\$ 408,556</u>	<u>\$ -0-</u>	<u>\$ 17,162,343</u>

Depreciation expense was charged to the governmental activities as follows:

Instruction	\$ 213,844
Support Services - Students	30,549
Support Services – Instruction	8,728
General Administration	4,354
School Administration	45,824
Central services	9,228
Operation of plant	61,098
Food Services	13,092
Transportation	<u>49,699</u>
	<u>\$ 436,416</u>

The District has made future construction commitments, funded principally by the Public Schools Facility Authority, of approximately \$14,000,000.

Note 4 Long-Term Debt

Changes in long-term debt were as follows during the year end June 30, 2015:

	<u>Balance</u>			<u>Balance</u>	<u>Due In</u>
	<u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2015</u>	<u>One Year</u>
Compensated absences payable	\$ 35,745	\$ 48,585	\$ 32,243	\$ 52,087	\$ -0-
G.O. Bonds, series 2005	475,000		150,000	325,000	175,000
G.O. Bonds, series 2007	200,000		50,000	150,000	50,000
G.O. Bonds, series 2008	515,000		75,000	440,000	100,000
G.O. Bonds, series 2010	835,000		60,000	775,000	25,000

G.O. Bonds, series 2011	825,000	-0-	90,000	735,000	50,000
G.O. Bonds, series 2012	1,140,000		200,000	940,000	100,000
G.O. Bonds, series 2013	<u>2,000,000</u>		<u>400,000</u>	<u>1,960,000</u>	<u>50,000</u>
	<u>\$ 6,025,745</u>	<u>\$ 48,585</u>	<u>\$ 697,243</u>	<u>\$5,377,087</u>	<u>\$ 550,000</u>

Annual debt service for bonds payable requirements are as follows:

Due in fiscal year ending June 30:

	<u>Principal</u>	<u>Interest</u>
2016	\$ 550,000	\$ 143,514
2017	550,000	128,889
2018	520,000	115,209
2019	475,000	102,602
2020	425,000	91,125
2021-2025	1,915,000	275,102
2026-2030	<u>890,000</u>	<u>60,272</u>
	<u>\$5,325,000</u>	<u>\$ 916,713</u>

No compensated absences are considered due and payable in the next fiscal year.

The bonds and bond interest are paid from property tax levies enacted specifically for the debt retirement. The revenues pledged totaled \$6,241,713 at June 30, 2015, and equal 100% of the tax levies enacted to repay the bonded indebtedness. The bonds were sold to erect and furnish facilities for the District. Interest rates range from 1.63% to 4.1% for individually scheduled retirements, and maturity dates range from 2015 through 2029. The property tax levies expire when the related bond indebtedness is repaid.

During the year ended June 30, 2015, the District recognized \$821,711 in property tax revenue pledged to retire the bonded indebtedness, and retired \$822,730 in bond principal and interest.

Note 5 Retirement Plan

Pension Plan

Summary of Significant Accounting Policies
General Information about the Pension Plan

Plan Description – ERB was created by the State’s Educational Retirement Act, Section 22-11-1 through 22-11-52, NMSA 1978, as amended, to administer the New Mexico Educational Employees’ Retirement Plan (Plan). The Plan is a cost-sharing, multiple employer plan established to provide retirement and disability benefits for certified teachers and other employees of the State’s public schools, institutions of higher learning, and agencies providing educational programs. The Plan is a pension trust fund

of the State of New Mexico. The New Mexico Legislature has the authority to set or amend contribution rates.

ERB issues a publicly available financial report and a comprehensive annual financial report that can be obtained at www.nmerb.org.

Benefits Provided – A member’s retirement benefit is determined by a formula which includes three component parts: the member’s final average salary (FAS), the number of years of service credit, and a 0.0235 multiplier. The FAS is the average of the member’s salaries for the last five years of service or any other consecutive five-year period, whichever is greater. A brief summary of Plan coverage provisions follows:

For members employed before July 1, 2010, a member is eligible to retire when one of the following events occurs: the member’s age and earned service credit add up to the sum or 75 or more; the member is at least sixty-five years of age and has five or more years of earned service credit; or the member has service credit totaling 25 years or more.

Chapter 288, Laws of 2009 changed the eligibility requirements for new members first employed on or after July 1, 2010. The eligibility for a member who either becomes a new member on or after July 1, 2010, or at any time prior to that date refunded all member contributions and then became, or becomes, reemployed after that date is as follows: the member’s age and earned service credit add up to the sum of 80 or more; the member is at least sixty-seven years of age and has five or more years of earned service credit; or the member has service credit totaling 30 years or more.

The benefit is paid as a monthly life annuity with a guarantee that, if the payments made do not exceed the member’s accumulated contributions plus accumulated interest, determined as of the date of retirement, the balance will be paid in lump sum to the member’s surviving beneficiary. There are three benefit options available: single life annuity; single life annuity monthly benefit reduced to provide for a 100% survivor’s benefit; or single life annuity monthly benefit is reduced to provide for a 50% survivor’s benefit.

Retired members and surviving beneficiaries receiving benefits receive an automatic cost of living adjustment (COLA) to their benefit each July 1, beginning in the year the member attains or would have attained age 65 or on July 1 of the year following the member’s retirement date, whichever is later. Prior to June 30, 2013 the COLA adjustment was equal to one half the change in the Consumer Price Index (CPI), except that the COLA shall not exceed 4% nor be less than 2%, unless the change in CPI is less than 2%, in which case, the COLA would equal the change in the CPI, but never less than zero. As of July 1, 2013, for current and future retirees the COLA was immediately reduced until the plan is 100% funded. The COLA reduction was based on the median retirement benefit of all retirees excluding disability retirements. Retirees with benefits at or below the median and with 25 or more years of service credit will have a 10% COLA reduction; their average COLA will be 1.8%. All other retirees will have a 20% COLA reduction; their average COLA will be 1.6%. Once the funding is greater than 90%, the COLA reductions will decrease. The retirees with benefits at or below the median and with 25 or more years of service credit will have a 5% COLA reduction; their average COLA will be 1.9%. All other retirees will have a 10% COLA reduction; their average will be 1.8%. Members on disability retirement are entitled to a COLA commencing on

July 1 of the third full year following disability retirement. A member on regular retirement who can prove retirement because of a disability may qualify for a COLA beginning July 1 in the third full year of retirement.

A member is eligible for a disability benefit provided (a) he or she has credit for at least 10 years of service, and (b) the disability is approved by ERB. The monthly benefit is equal to 2% of FAS times years of service, but not less than the smaller of (a) one-third of FAS or (b) 2% of FAS times year of service projected to age 60. The disability benefit commences immediately upon the member's retirement. Disability benefits are payable as a monthly life annuity, with a guarantee that, if the payments made do not exceed the member's accumulated contributions, determined as of the date of retirement, the balance will be paid in a lump sum to the member's surviving beneficiary. If the disabled member survives to age 60, the regular optional forms of payment are then applied. A member with five or more years of earned service credit on deferred status may retire on disability retirement when eligible under the Rule of 75 or when the member attains age 65.

Contributions – The contribution requirements of defined benefit plan members and the Lordsburg Municipal School District No. 1 are established in state statute under Chapter 10, Article 11, NMSA, 1978. The requirements may be amended by acts of the legislature. For the fiscal year ended June 30, 2014 employers contributed 13.15% of employees' gross annual salary to the Plan. Employees earning \$20,000 or less contributed 7.90% and employees earning more than \$20,000 contributed 10.10% of their gross annual salary. For fiscal year ended June 30, 2015 employers contributed 13.90%, and employees earning \$20,000 or less continued to contribute 7.90% and employees earning more than \$20,000 contributed an increased amount of 10.70% of their gross annual salary. Contributions to the pension plan from the Lordsburg Municipal School District No. 1 were \$517,257 for the year ended June 30, 2015.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension - The total ERB pension liability, net pension liability, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2013. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2014, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2014. At June 30, 2015, the Lordsburg Municipal School District No. 1 reported a liability of \$8,043,362 for its proportionate share of the net pension liability. The District's proportion of the net pension liability is based on the employer contributing entity's percentage of total employer contributions for the fiscal year ended June 30, 2014. The contribution amounts were defined by Section 22-11-21, NMSA 1978. At June 30, 2014, the District's proportion was .14097 percent, which was an increase of .00668% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, Lordsburg Municipal School District No. 1 recognized pension expense of \$664,926. At the June 30, 2015, the Lordsburg Municipal School District No. 1 reported deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	<u>Deferred Outflows Of Resources</u>	<u>Deferred Inflows Of Resources</u>
Differences between expected and actual experience	\$ -	\$ (119,819)
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	(731,185)
Changes in proportion and differences between Lordsburg Municipal School District No. 1 contributions and proportionate share of contributions	311,221	
Lordsburg Municipal School District No. 1 contributions subsequent to the measurement date	<u>517,257</u>	<u>-</u>
Total	<u>\$ 828,478</u>	<u>\$ (851,004)</u>

\$517,257 reported as deferred outflows of resources related to pensions resulting from Lordsburg Municipal School District No. 1 contributions subsequent to the measurement date June 30, 2014 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2016	\$ 116,336
2017	116,336
2018	124,311
2019	182,800

Actuarial assumptions – as described above, the total ERB pension liability and net pension liability are based on an actuarial valuation performed as of June 30, 2013. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2014 using generally accepted actuarial principles. There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2014. Specifically the liabilities measured as of June 30, 2014 incorporate the following assumptions:

1. All members with an annual salary of more than \$20,000 will contribute 10.10% during the fiscal year ending June 30, 2014 and 10.7% thereafter.
2. Members hired after June 30, 2013 will have an actuarially reduced retirement benefit if they retire before age 55 and their COLA will be deferred until age 67.
3. COLA's for most retirees are reduced until ERB attains a 100% funded status.
4. These assumptions were adopted by ERB on April 26, 2013 in conjunction with the six-year experience study period ending June 30, 2012.

For the purposes of projecting future benefits, it is assumed that the full COLA is paid in all future years. The actuarial methods and assumptions used to determine contribution rates included in the measurement are as follows:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll
Remaining Period	Amortized – closed 30 years from June 30, 2012 to June 30, 2042
Asset Valuation Method	5 year smoothed market for funding valuation (fair value for financial valuation)
Inflation	3.00%
Salary Increases	Composition: 3% inflation, plus 1.25% productivity rate, plus step rate promotional increases for members with less than 10 years of service
Investment Rate of Return	7.75%
Retirement Age	Experience based table of age and service rates
Mortality	90% of RP-2000 Combined Mortality Table with White Collar Adjustment projected to 2014 using Scale AA (one year setback for females)

The long-term expected rate of return on pension plan investments is determined annually using a building-block approach that includes the following: 1) Rate of return projections are the sum of current yield plus projected changes in price (valuation, defaults, etc.), 2) Application of key economic projections (inflation, real growth, dividends, etc.), and 3) Structural themes (supply and demand imbalances, capital flows, etc). These items are developed for each major asset class. Best estimates of geometric real rates of return for each major asset class included in the Plan's target asset allocation for 2014 and 2013 for 30 year return assumptions are summarized in the following table:

<u>Asset Class</u>	<u>2014 Long-Term Expected Real Rate of Return</u>	<u>2013 Long-Term Expected Real Rate of Return</u>
Cash	1.50%	0.75%
Treasury's	2.00%	1.00%
IG Corp Credit	3.50%	3.00%
MBS	2.25%	2.50%
Core Bonds	2.53%	2.04%
TIPS	2.50%	1.50%
High Yield Bonds	4.50%	5.00%
Bank Loans	5.00%	5.00%
Global Bonds (Unhedged)	1.25%	0.75%
Global Bonds (Hedged)	1.38%	0.93%
EMD External	5.00%	4.00%
EMD Local Currency	5.75%	5.00%
Large Cap Equities	6.25%	6.75%
Small/Mid Cap	6.25%	7.00%
International Equities (Unhedged)	7.25%	7.75%
International Equities (Hedged)	7.50%	8.00%
Emerging International Equities	9.50%	9.75%
Private Equity	8.75%	9.00%
Private Debt	8.00%	8.50%
Private Real Assets	7.75%	8.00%
Real Estate	6.25%	6.00%
Commodities	5.00%	5.00%
Hedge Funds Low Vol	5.50%	4.75%
Hedge Funds Mod Vol	5.50%	6.50%

Discount Rate – A single discount rate of 7.75% was used to measure the total ERB pension liability as of June 30, 2014 and June 30, 2013. This single discount rate was based on the expected rate of return on pension plan investments of 7.75%. Based on the stated assumptions and the projection of cash flows, the Plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current pension plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The projection of cash flows used to determine this single discount rate assumed that Plan contributions will be made at the current statutory levels. Additionally, contributions received through the Alternative Retirement Plan (ARP), ERB's defined contribution plan, are included in the projection of cash flows. ARP contributions are assumed to remain at a level percentage of ERB payroll, where the percentage of payroll is based on the most recent five year contribution history.

Sensitivity of the Lordsburg Municipal School District No. 1 Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following table shows the sensitivity of the net pension liability to changes in the discount rate as of the fiscal year end 2014. In particular, the table presents the District's net pension liability under the current single rate assumption, as if it were calculated using a discount rate one

percentage point lower (6.75%) or one percentage point higher (8.75%) than the single discount rate.

	1% Decrease <u>(6.75%)</u>	Current Discount Rate <u>(7.75%)</u>	1% Increase <u>(8.75%)</u>
Lordsburg Municipal School District No. 1 proportionate share of the net pension liability	\$10,943,921	\$8,043,362	\$5,620,657

Pension Plan Fiduciary Net Position – Detailed information about the ERB’s fiduciary net position is available in the separately issued audited financial statements as of and for June 30, 2014 and 2013 which are publicly available at www.nmerb.org.

Note 6 Retiree Health Care Act Contributions

Plan Description

Lordsburg Municipal Schools contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

Eligible retirees are: 1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the RHCA plan on the person’s behalf unless that person retires before the employer’s RHCA effective date, in which event the time period required for employee and employer contributions shall become the period of time between the employer’s effective date and the date of retirement; 2) retirees defined by the Act who retired prior to July 1, 1990; 3) former legislators who served at least two years; and 4) former governing authority members who served at least four years.

The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the postemployment healthcare plan. That report and further information can be obtained by writing to the Retiree Health Care Authority at 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

Funding Policy

The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for

healthcare benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate schedule for the medical plus basic life plan plus an additional participation fee of five dollars if the eligible participant retired prior to the employer's RHA effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at www.nmrhca.state.nm.us.

The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the employer and employee contributions can be changed by the New Mexico State legislature. Employers that choose to become participating employers after January 1, 1998, are required to make contributions to the RHCA fund in the amount determined to be appropriate by the Board.

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans, 3, 4, or 5; municipal fire member coverage plan 3, 4, or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2014, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; and each participating employee was required to contribute 1.0% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2014, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the Legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the Authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The Lordsburg Municipal School's contributions to the RHCA for the years ended June 30, 2015, 2014, and 2013 were \$74,428, \$77,729, and \$72,590, respectively, which equal the required contributions for each year.

Note 7 Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Because the District was unable to obtain general liability insurance at a cost it considered to be economically justifiable, it joined together with other school districts in the State and obtained insurance coverage with New Mexico Public Schools Insurance Authority, a public entity risk pool currently operating as a common risk management and insurance program for member school districts. The District pays an annual premium to New Mexico Public Schools Insurance Authority for its general insurance coverage, and all risk of loss is transferred. No losses exceeded insurance in the past three years.

The New Mexico Public Schools Insurance Authority is self-insured for property and liability losses below \$250,000 and purchases excess insurance above the self-insured retention. The self-insured retention aggregate for property is set at \$2,000,000 with a \$1,000,000 stop loss. The self-insured retention aggregate for liability is \$3,000,000 with a \$1,000,000 stop loss.

Note 8 Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

Note 9 Inter-fund Activity

Inter-fund balances at June 30, 2015, consisted of the following:

	<u>Inter-Fund Payable</u>			
	<u>General</u>	<u>Title I</u>	<u>All Others</u>	<u>Total</u>
<u>Inter-fund Receivable</u>				
General	\$	\$ 115,828	\$ 404,269	\$ 520,097
Other Funds	<u>3,926</u>	<u> </u>	<u> </u>	<u>3,926</u>
	<u>\$ 3,926</u>	<u>\$ 115,828</u>	<u>\$ 404,269</u>	<u>\$ 524,023</u>

All amounts are expected to be repaid within one year. The purpose of the loan was to provide cash for operation purposes.

There were no inter-fund transfers during the fiscal year 2014–2015.

Note 10 Restricted Net Position

At June 30, 2015, net position restricted for other purposes included the following balances in special revenue funds:

Cafeteria	\$ 99,101
Athletics	22,425
SB-9	584,028
Other	<u>77,753</u>
	<u>\$ 783,307</u>

The government-wide statement of net position reports \$1,731,791 of restricted net position, of which \$1,709,366 is restricted by enabling legislation.

Note 11 Endowment

The District received an endowment from the Rolfe Estate. This endowment is to be used for investment purposes only with the proceeds from such investments restricted to use for scholarships. The corpus of \$53,000 is to remain intact indefinitely. This is in accordance with State law.

Net appreciation of \$615 is available for expenditure by the governing board, and are reported in net position as “reserved for scholarships.”

Note 12 Jointly Governed Organization

The District participates in the Southwest Regional Education Cooperative No. 10. This regional cooperative was formed to consolidate the application for and the processing of supplementary federal and state funds. Representatives of the independent school districts, which are members, govern the Cooperative.

The Cooperative obtains grants and allocates them to the member districts. The District has no ongoing financial interest or responsibility in the Cooperative.

Separately issued financial statements of the Cooperative are available from the Cooperative at P.O. Box 952, Truth or Consequences, New Mexico 87901.

Note 13 Fund Balance Deficits

The District had no fund balance/deficits in the fiscal year 2014-2015.

Note 14 Evaluation of Subsequent Events

The District has evaluated subsequent events through October 29, 2015, the date which the financial statements were available to be issued.

Note 15 Expenditures in Excess of Budgetary Authority

The District incurred no expenditures in excess of budgetary authority.

Note 16 Restatement

During the year ended June 30, 2015, the District adopted Governmental Accounting Standards Board Statements No. 67 and 68. These statements require the recognition of a net pension liability for the unfunded pension liabilities as currently measured by the Education Retirement Board.

As a part of this measurement, the District is required to restate its net position for the estimated liability at June 30, 2014, in the amount of \$7,918,219.

SPECIAL REVENUE FUNDS

Cafeteria – to account for revenues generated by the District as well as the federal assistance received and the related expenditures necessary to provide food services for the District. (Authority, NMSA 22-13-13).

Athletics – to account for the revenues received, and the related expenditures incurred, by the District related to athletic functions (PSAB, Supplement 3).

Education of Homeless/Stimulus – fund used to account for federal resources administered by the New Mexico State Department of Education to provide comprehensive services to homeless children and youth and their families, and expedited evaluations of homeless children’s needs to help facilitate enrollment, attendance, and success in school (Stewart B. McKinney Homeless Assistance Act of 1987).

Rural Schools – created to provide financial assistance to rural districts to carry out activities to help improve the quality of teaching and learning in their schools. (Elementary and Secondary Education Act of 1965 (ESEA), Title VI, Part B, as amended).

Title XIX Medicaid – to account for federal resources administered by the New Mexico Department of Health and Human Services for the improvement of primary health care and to increase health education. (P.L. 105-33).

Elementary Breakfast – to account for funds received to provide breakfast for elementary students (Authority, PED).

SB-9 Capital Improvements – to account for the receipt of local proceeds from a mill levy on ad valorem/property taxes and state matching funds. These are to be expended for capital outlay projects and maintenance.

Dual Credit Instructional Materials – to account for State grant received to provide college credits to high school students. Authority, State Grant PED.

GRADS – to provide grants to States or Territories to assist needy families with children so that children can be cared for in their own homes; to reduce dependency by promoting job preparation, work, and marriage; to reduce and prevent out-of-wedlock pregnancies; and to encourage the formation and maintenance of two-parent families. Social Security Act, Title IV, Part A, as amended; Personal Responsibility and Work Opportunity Reconciliation Act of 1996, Public Law 104-193. The fund was created by state grant provision.

Science Materials – to account for the financial assistance to school districts to be used to enhance the education opportunities to students in the science field. Authority State PED.

Entitlement – P.L. 94-142, Individuals with Disabilities Education Act – to account for a federal grant restricted to the operation and maintenance of meeting the special education need of children with disabilities. Authority for the creation of this fund is Individuals with Disabilities Act, Part B, Sec. 611, as amended; Public Laws 91-230, 93-380, 94-142, 98-199, 99-457, 100-630 and 101-476; 20 U.S.C. 1401-1419, Public Law 105-17, and is a Special Revenue Fund.

Teacher Training – to improve teacher quality to ensure that all teachers are highly qualified. Created by P.L. 07-110 and is a Special Revenue Fund.

Pre-K Initiative Kinder 3+ - funds used to account for federal resources administered by the New Mexico State Department of Education to provide for the special education needs of handicapped children three to five years old. Required by the New Mexico Department of Education "Manual of Procedures for New Mexico School Districts" to be accounted for as a separate fund within the special funds (P.L. 94-142 and P.L. 99-457).

CAPITAL PROJECTS FUNDS

Bond Building – to account for bond proceeds any interest earned thereon. Proceeds are restricted for the purpose of making additions to and furnishing of school building, or purchasing or improving school grounds or any combination thereof, as approved by the voters of the District.

Lordsburg Municipal School District #1
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2015

	Special Revenue Funds			
	Cafeteria	Athletics	Entitlement	Preschool
Assets				
Cash and investments	\$ 71,195	\$ 25,500	\$ -	\$ -
Inventory	5,283			
Property taxes receivable				
Interfund receivable				
Due from other governments	22,623		56,581	5,762
Total assets	\$ 99,101	\$ 25,500	\$ 56,581	\$ 5,762
Liabilities				
Accounts payable	\$ -	\$ 3,075	\$ -	\$ -
Interfund payable			56,581	5,762
Total liabilities	\$ -	\$ 3,075	\$ 56,581	\$ 5,762
Deferred Inflows of Resources				
Unavailable revenue	\$ -	\$ -	\$ -	\$ -
Total deferred inflows of resources	\$ -	\$ -	\$ -	\$ -
Fund balance:				
Nonspendable:				
Inventories	\$ 5,283	\$ -	\$ -	\$ -
Restricted for:				
Education		22,425		
Food service	93,818			
Capital projects				
Unassigned				
Total fund balances	\$ 99,101	\$ 22,425	\$ -	\$ -
Total liabilities, deferred inflows of resources, and fund balances	\$ 99,101	\$ 25,500	\$ 56,581	\$ 5,762

The accompanying notes are an integral part of these financial statements.

Special Revenue Funds

<u>Homeless Education</u>	<u>Teacher Training</u>	<u>Rural Education</u>	<u>Idea B Risk Pool</u>	<u>Reads to Leads</u>	<u>Pre-K Initiative</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2,000 <u>1,165</u>	1,926 <u>45,292</u>	<u>6,308</u>	<u>114</u>	<u>12,254</u>	<u>19,401</u>
<u>\$ 3,165</u>	<u>\$ 47,218</u>	<u>\$ 6,308</u>	<u>\$ 114</u>	<u>\$ 12,254</u>	<u>\$ 19,401</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>3,165</u>	<u>47,218</u>	<u>6,308</u>	<u>114</u>	<u>12,254</u>	<u>19,401</u>
<u>\$ 3,165</u>	<u>\$ 47,218</u>	<u>\$ 6,308</u>	<u>\$ 114</u>	<u>\$ 12,254</u>	<u>\$ 19,401</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ 3,165</u>	<u>\$ 47,218</u>	<u>\$ 6,308</u>	<u>\$ 114</u>	<u>\$ 12,254</u>	<u>\$ 19,401</u>

Lordsburg Municipal School District #1
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (concluded)
June 30, 2015

	Special Revenue Funds		
	Elementary Breakfast	Kindergarten 3+	NM Grown Fruits and Veg
Cash and investments	\$ -	\$ -	\$ -
Inventory			
Property taxes receivable			
Interfund receivable			
Due from other governments	558	45,066	832
Total assets	\$ 558	\$ 45,066	\$ 832
 Liabilities			
Accounts payable	\$ -	\$ 133	\$ -
Interfund payable	558	44,933	832
Total liabilities	\$ 558	\$ 45,066	\$ 832
 Deferred Inflows of Resources			
Unavailable revenue	\$ -	\$ -	\$ -
Total deferred inflows of resources	\$ -	\$ -	\$ -
 Fund balance:			
Nonspendable:			
Inventories	\$ -	\$ -	\$ -
Restricted for:			
Education			
Food service			
Capital projects			
Unassigned			
Total fund balances	\$ -	\$ -	\$ -
Total liabilities, deferred inflows of resources, and fund balances	\$ 558	\$ 45,066	\$ 832

The accompanying notes are an integral part of these financial statements.

<u>Special Revenue Funds</u>		
<u>Teacher and School Leader</u>	<u>Teacher and School Leader Group</u>	<u>Total</u>
\$ -	\$ -	\$ 96,695
		5,283
		-
		3,926
<u>106,133</u>	<u>101,010</u>	<u>423,099</u>
<u>\$ 106,133</u>	<u>\$ 101,010</u>	<u>\$ 529,003</u>
\$ -	\$ -	\$ 3,208
<u>106,133</u>	<u>101,010</u>	<u>404,269</u>
<u>\$ 106,133</u>	<u>\$ 101,010</u>	<u>\$ 407,477</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ 5,283
		22,425
		93,818
		-
		-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 121,526</u>
<u>\$ 106,133</u>	<u>\$ 101,010</u>	<u>\$ 529,003</u>

Lordsburg Municipal School District #1
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For The Fiscal Year Ended June 30, 2015

	Special Revenue Funds			
	Cafeteria	Athletics	Entitlement	Preschool
Revenues:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Fees and charges	32,432	36,087		
State aid				
Federal aid	283,697		155,073	19,998
Earnings on investments	44	15		
Miscellaneous		1,288		
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total revenues	<u>\$ 316,173</u>	<u>\$ 37,390</u>	<u>\$ 155,073</u>	<u>\$ 19,998</u>
Expenditures:				
Current:				
Instruction	\$ -	\$ 58,020	\$ 124,450	\$ 19,998
Support services - Students			8,866	
Support services - Instruction				
General administration				
School administration			21,757	
Central services				
Operation of plant				
Transportation				
Food services	300,203			
Capital outlay				
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenditures	<u>\$ 300,203</u>	<u>\$ 58,020</u>	<u>\$ 155,073</u>	<u>\$ 19,998</u>
Revenues over (under) expenditures	\$ 15,970	\$ (20,630)	\$ -	\$ -
Other financing sources (uses):				
Transfer in				
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net change in fund balance	\$ 15,970	\$ (20,630)	\$ -	\$ -
Fund balance, July 1, 2014	<u>83,131</u>	<u>43,055</u>		
Fund balance, June 30, 2015	<u><u>\$ 99,101</u></u>	<u><u>\$ 22,425</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

The accompanying notes are an integral part of these financial statements.

Special Revenue Funds

<u>Homeless Education</u>	<u>Teacher Training</u>	<u>Rural Education</u>	<u>Idea B Risk Pool</u>	<u>Reads to Lead</u>	<u>Pre-K Initiative</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1,165	19,751	13,244	114	49,005	58,200
<u>\$ 1,165</u>	<u>\$ 19,751</u>	<u>\$ 13,244</u>	<u>\$ 114</u>	<u>\$ 49,005</u>	<u>\$ 58,200</u>
\$ - 1,165	\$ 12,606	\$ 13,244	\$ - 114	\$ 49,005	\$ 58,200
	7,145				
<u>\$ 1,165</u>	<u>\$ 19,751</u>	<u>\$ 13,244</u>	<u>\$ 114</u>	<u>\$ 49,005</u>	<u>\$ 58,200</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Lordsburg Municipal School District #1
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (concluded)
For The Fiscal Year Ended June 30, 2015

	Special Revenue Funds			
	Medicaid	Dual Credit	GRADS	Elementary Breakfast
Revenues:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Fees and charges				
State aid		526	9,000	5,844
Federal aid	54,336			
Earnings on investments				
Miscellaneous				
Total revenues	<u>\$ 54,336</u>	<u>\$ 526</u>	<u>\$ 9,000</u>	<u>\$ 5,844</u>
Expenditures:				
Current:				
Instruction	\$ -	\$ 526	\$ 9,933	\$ -
Support services - Students	54,336			
Support services - Instruction				
General administration				
School administration				
Central services				
Operation of plant				
Transportation				
Food services				5,844
Capital outlay				
Total expenditures	<u>\$ 54,336</u>	<u>\$ 526</u>	<u>\$ 9,933</u>	<u>\$ 5,844</u>
Revenues over (under) expenditures	\$ -	\$ -	\$ (933)	\$ -
Other financing sources (uses):				
Transfer in				
Net change in fund balance	\$ -	\$ -	\$ (933)	\$ -
Fund balance, July 1, 2014			933	
Fund balance, June 30, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

Kindergarten 3+	Special Revenue Funds			Capital Projects Funds	Total
	NM Grown Fruits and Veg	Teacher and School Leader	Teacher and School Leader Group	Special Capital Outlay	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
88,964	832	106,133	101,010	21,075	68,519
					440,589
					547,378
					59
					1,288
<u>\$ 88,964</u>	<u>\$ 832</u>	<u>\$ 106,133</u>	<u>\$ 101,010</u>	<u>\$ 21,075</u>	<u>\$ 1,057,833</u>
\$ 69,222	\$ -	\$ 92,733	\$ 40,280	\$ -	\$ 548,217
3,420			4,930		72,831
			7,142		7,142
			1,722		1,722
11,394		13,400	13,995		67,691
			6,890		6,890
4,576			11,411		15,987
352			2,584		2,936
	832		12,056		318,935
				21,075	21,075
<u>\$ 88,964</u>	<u>\$ 832</u>	<u>\$ 106,133</u>	<u>\$ 101,010</u>	<u>\$ 21,075</u>	<u>\$ 1,063,426</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ (5,593)
					-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ (5,593)
					127,119
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 121,526</u>

Lordsburg Municipal School District #1
GENERAL FUND
COMBINING BALANCE SHEET
June 30, 2015

	Operational	Transportation	Instructional Materials
Assets			
Cash and investments	\$ -	\$ 9,338	\$ 12,222
Taxes receivable	7,212		
Inventory	17,976		
Interfund receivable	506,016		14,081
Total assets	\$ 531,204	\$ 9,338	\$ 26,303
 Liabilities			
Accounts payable	\$ 26,209	\$ -	\$ -
Interfund payable	3,926		
Total liabilities	\$ 30,135	\$ -	\$ -
 Deferred Inflows of Resources			
Unavailable revenue	\$ 6,317	\$ -	\$ -
Total deferred inflows of resources	\$ 6,317	\$ -	\$ -
 Fund balance:			
Nonspendable:			
Inventories	\$ 17,976	\$ -	\$ -
Restricted for:			
Education			26,303
Transportation		9,338	
Unassigned	476,776		
Total fund balances	\$ 494,752	\$ 9,338	\$ 26,303
Total liabilities, deferred inflows of resources, and fund balances	\$ 531,204	\$ 9,338	\$ 26,303

The accompanying notes are an integral part of these financial statements.

<u>Non - Instructional Support</u>	<u>Total</u>
\$ 14,718	\$ 36,278 7,212 17,976 <u>520,097</u>
<u>\$ 14,718</u>	<u>\$ 581,563</u>
\$ -	\$ 26,209 <u>3,926</u>
<u>\$ -</u>	<u>\$ 30,135</u>
\$ -	\$ 6,317
<u>\$ -</u>	<u>\$ 6,317</u>
\$ -	\$ 17,976 26,303 9,338 <u>491,494</u>
14,718	<u>491,494</u>
<u>\$ 14,718</u>	<u>\$ 545,111</u>
<u>\$ 14,718</u>	<u>\$ 581,563</u>

Lordsburg Municipal School District #1
GENERAL FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For The Fiscal Year Ended June 30, 2015

	Operational	Transportation	Instructional Materials
Revenues:			
Property taxes	\$ 59,338	\$ -	\$ -
Fees and charges	33,077		
State aid	5,282,672	349,336	34,221
Federal aid	19,970		
Earnings on investments	159		
Miscellaneous	40,821		497
	<u>\$ 5,436,037</u>	<u>\$ 349,336</u>	<u>\$ 34,718</u>
Total revenues			
Expenditures:			
Current:			
Instruction	\$ 2,653,214	\$ -	\$ 22,922
Support services - Students	457,611		
Support services - Instruction	149,674		582
General administration	201,240		
School administration	845,489		
Central services	238,071		
Operation of plant	756,821		
Transportation	4,401	356,285	
Food services	30,468		
Other support services	9,674		
Capital outlay			
	<u>\$ 5,346,663</u>	<u>\$ 356,285</u>	<u>\$ 23,504</u>
Total expenditures			
Revenues over (under) expenditures	\$ 89,374	\$ (6,949)	\$ 11,214
Other financing sources:			
Loan proceeds			
Operating transfers in (out)			
	<u>\$ 89,374</u>	<u>\$ (6,949)</u>	<u>\$ 11,214</u>
Net change in fund balance			
Fund balance, June 30, 2014	<u>405,378</u>	<u>16,287</u>	<u>15,089</u>
Fund balance, June 30, 2015	<u>\$ 494,752</u>	<u>\$ 9,338</u>	<u>\$ 26,303</u>

The accompanying notes are an integral part of these financial statements.

Activity Funds	Total
\$ -	\$ 59,338
43,926	77,003
	5,666,229
	19,970
	159
	41,318
<u>\$ 43,926</u>	<u>\$ 5,864,017</u>
\$ 47,797	\$ 2,723,933
	457,611
	150,256
	201,240
	845,489
	238,071
	756,821
	360,686
	30,468
	9,674
	-
<u>\$ 47,797</u>	<u>\$ 5,774,249</u>
\$ (3,871)	\$ 89,768
	-
	-
<u>\$ (3,871)</u>	<u>\$ 89,768</u>
18,589	455,343
<u>\$ 14,718</u>	<u>\$ 545,111</u>

Lordsburg Municipal School District #1
GENERAL FUND/OPERATIONAL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ 3,403	\$ 19,970	\$ 16,567
State sources	5,346,124	5,346,124	5,282,672	(63,452)
Local sources	132,650	132,650	134,037	1,387
Interest income	280	280	159	(121)
	<u>\$ 5,479,054</u>	<u>\$ 5,482,457</u>	<u>\$ 5,436,838</u>	<u>\$ (45,619)</u>
Total revenues				
Expenditures:				
Current:				
Instruction	\$ 2,881,587	\$ 2,881,587	\$ 2,633,451	\$ 248,136
Support services - Students	539,657	531,525	457,421	74,104
Support services - Instruction	164,758	167,983	149,674	18,309
General administration	188,349	212,005	200,678	11,327
School administration	836,009	858,982	844,813	14,169
Central services	226,790	248,230	237,533	10,697
Operation of plant	881,733	817,728	758,740	58,988
Transportation	669	4,979	4,376	603
Other support services	40,543	40,543	13,376	27,167
Food services	50,955	50,891	28,468	22,423
Capital outlay				-
Non-operating				-
	<u>\$ 5,811,050</u>	<u>\$ 5,814,453</u>	<u>\$ 5,328,530</u>	<u>\$ 485,923</u>
Total expenditures				
Revenues over (under) expenditure	\$ (331,996)	\$ (331,996)	\$ 108,308	\$ 440,304
Other financing sources (uses)				
Transfers out	-	-		-
Net change in fund balance	\$ (331,996)	\$ (331,996)	\$ 108,308	\$ 440,304
Fund balance, July 1, 2014	331,996	331,996	397,708	65,712
Fund balance, June 30, 2015	\$ -	\$ -	\$ 506,016	\$ 506,016
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 89,374	
Revenue accruals (net)			801	
Expenditure accruals (net)			18,133	
Other financing uses (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ 108,308	

The accompanying notes are an integral part of these financial statements

Lordsburg Municipal School District #1
GENERAL FUND/TRANSPORTATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ 377,453	\$ 357,479	\$ 349,336	\$ (8,143)
Expenditures:				
Current:				
Pupil transportation	\$ 377,453	\$ 357,479	\$ 356,285	\$ 1,194
Capital outlay	-	-	-	-
Total expenditures	\$ 377,453	\$ 357,479	\$ 356,285	\$ 1,194
Net change in fund balance	\$ -	\$ -	\$ (6,949)	\$ (6,949)
Fund balance, July 1, 2014	-	-	16,287	16,287
Fund balance, June 30, 2015	\$ -	\$ -	\$ 9,338	\$ 9,338
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (6,949)	
Revenue accruals (net)			-	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ (6,949)	

The accompanying notes are an integral part of these financial statements.

Lordsburg Municipal School District #1
GENERAL FUND/INSTRUCTIONAL MATERIALS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State sources	24,760	34,221	34,221	-
Local sources	<u>240</u>	<u>240</u>	<u>497</u>	<u>257</u>
Total revenues	<u>\$ 25,000</u>	<u>\$ 34,461</u>	<u>\$ 34,718</u>	<u>\$ 257</u>
Expenditures:				
Current:				
Instruction	\$ 24,760	\$ 34,221	\$ 22,922	\$ 11,299
Support service - Instruction	<u>3,592</u>	<u>3,592</u>	<u>582</u>	<u>3,010</u>
Total expenditures	<u>\$ 28,352</u>	<u>\$ 37,813</u>	<u>\$ 23,504</u>	<u>\$ 14,309</u>
Net change in fund balance	\$ (3,352)	\$ (3,352)	\$ 11,214	\$ 14,566
Fund balance, July 1, 2014	<u>3,352</u>	<u>3,352</u>	<u>15,089</u>	<u>11,737</u>
Fund balance, June 30, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,303</u>	<u>\$ 26,303</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 11,214	
Revenue accruals (net)			-	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 11,214</u>	

The accompanying notes are an integral part of these financial statements

Lordsburg Municipal School District #1
SPECIAL REVENUE FUND - CAFETERIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ 256,880	\$ 256,880	\$ 288,158	\$ 31,278
Local sources	23,000	23,000	32,432	9,432
Earnings on investments	45	45	44	(1)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total revenues	\$ 279,925	\$ 279,925	\$ 320,634	\$ 40,709
Expenditures:				
Current:				
Food services	344,292	344,292	304,026	40,266
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net change in fund balance	\$ (64,367)	\$ (64,367)	\$ 16,608	\$ 80,975
Fund balance, July 1, 2014	64,367	64,367	54,587	(9,780)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Fund balance, June 30, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 71,195</u>	<u>\$ 71,195</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 15,970	
Revenue accruals (net)			4,461	
Expenditure accruals (net)			<u>(3,823)</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 16,608</u>	

The accompanying notes are an integral part of these financial statements.

Lordsburg Municipal School District #1
SPECIAL REVENUE FUND - ATHLETICS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Local sources	\$ 35,020	\$ 35,020	\$ 37,375	\$ 2,355
Earnings on investments	<u>8</u>	<u>8</u>	<u>15</u>	<u>7</u>
Total revenues	\$ 35,028	\$ 35,028	\$ 37,390	\$ 2,362
Expenditures:				
Current:				
Instruction	<u>75,215</u>	<u>75,215</u>	<u>55,246</u>	<u>19,969</u>
Net change in fund balance	\$ (40,187)	\$ (40,187)	\$ (17,856)	\$ 22,331
Fund balance, July 1, 2014	<u>40,187</u>	<u>40,187</u>	<u>43,356</u>	<u>3,169</u>
Fund balance, June 30, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,500</u>	<u>\$ 25,500</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (20,630)	
Revenue accruals (net)				
Expenditure accruals (net)			<u>2,774</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (17,856)</u>	

The accompanying notes are an integral part of these financial statements.

Lordsburg Municipal School District #1
SPECIAL REVENUE FUND - IDEA B RISK POOL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ -	\$ 114	\$ -	\$ (114)
Expenditures:				
Current:				
Instruction	\$ -	\$ -	\$ -	\$ -
Support services - Students		114	114	-
School administration				-
Total expenditures	<u>\$ -</u>	<u>\$ 114</u>	<u>\$ 114</u>	<u>\$ -</u>
Net change in fund balance	\$ -	\$ -	\$ (114)	\$ (114)
Fund balance, July 1, 2014	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (114)</u>	<u>\$ (114)</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(114)	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (114)</u>	

The accompanying notes are an integral part of these financial statements.

Lordsburg Municipal School District #1
SPECIAL REVENUE FUND - EDUCATION OF HOMELESS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ -	\$ 5,290	\$ 221	\$ (5,069)
Expenditures:				
Current:				
Instruction	\$ -	\$ -	\$ -	\$ -
Support services - Students		5,290	3,165	2,125
General administration				-
Total expenditures	<u>\$ -</u>	<u>\$ 5,290</u>	<u>\$ 3,165</u>	<u>\$ 2,125</u>
Net change in fund balance	\$ -	\$ -	\$ (2,944)	\$ (2,944)
Fund balance, July 1, 2014	<u>-</u>	<u>-</u>	<u>(221)</u>	<u>(221)</u>
Fund balance, June 30, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,165)</u>	<u>\$ (3,165)</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(944)	
Expenditure accruals (net)			<u>(2,000)</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (2,944)</u>	

The accompanying notes are an integral part of these financial statements.

Lordsburg Municipal School District #1
SPECIAL REVENUE FUND - PRESCHOOL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ 23,919	\$ 43,101	\$ 22,242	\$ (20,859)
Expenditures:				
Current:				
Instruction	<u>23,919</u>	<u>43,101</u>	<u>19,998</u>	<u>23,103</u>
Net change in fund balance	\$ -	\$ -	\$ 2,244	\$ 2,244
Fund balance, July 1, 2014	<u>-</u>	<u>-</u>	<u>(8,006)</u>	<u>(8,006)</u>
Fund balance, June 30, 2015	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (5,762)</u></u>	<u><u>\$ (5,762)</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			2,244	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ 2,244</u></u>	

The accompanying notes are an integral part of these financial statements.

Lordsburg Municipal School District #1
SPECIAL REVENUE FUND - ENTITLEMENT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ 173,242	\$ 329,069	\$ 146,726	\$ (182,343)
Expenditures:				
Current:				
Instruction	\$ 143,095	\$ 163,035	\$ 124,450	\$ 38,585
Support services - Students	5,682	122,569	8,866	113,703
School administration	24,465	43,465	21,757	21,708
Total expenditures	<u>\$ 173,242</u>	<u>\$ 329,069</u>	<u>\$ 155,073</u>	<u>\$ 173,996</u>
Net change in fund balance	\$ -	\$ -	\$ (8,347)	\$ (8,347)
Fund balance, July 1, 2014	<u>-</u>	<u>-</u>	<u>(48,234)</u>	<u>(48,234)</u>
Fund balance, June 30, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (56,581)</u>	<u>\$ (56,581)</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(8,347)	
Expenditure accruals (net)				
Other financing uses (net)				
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (8,347)</u>	

The accompanying notes are an integral part of these financial statements.

Lordsburg Municipal School District #1
SPECIAL REVENUE FUND - MEDICAID
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ 60,392	\$ 60,392	\$ 57,272	\$ (3,120)
Expenditures:				
Current:				
Support services - Students	<u>60,392</u>	<u>60,392</u>	<u>54,336</u>	<u>6,056</u>
Net change in fund balance	\$ -	\$ -	\$ 2,936	\$ 2,936
Fund balance, July 1, 2014	<u>-</u>	<u>-</u>	<u>(2,936)</u>	<u>(2,936)</u>
Fund balance, June 30, 2015	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			2,936	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ 2,936</u></u>	

The accompanying notes are an integral part of these financial statements.

Lordsburg Municipal School District #1
SPECIAL REVENUE FUND - GRADS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ 9,000	\$ 9,933	\$ 9,000	\$ (933)
Expenditures:				
Current:				
Instruction	9,000	9,933	9,933	-
Net change in fund balance	\$ -	\$ -	\$ (933)	\$ (933)
Fund balance, July 1, 2014	-	-	933	933
Fund balance, June 30, 2015	\$ -	\$ -	\$ -	\$ -
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (933)	
Revenue accruals (net)				
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ (933)	

The accompanying notes are an integral part of these financial statements.

Lordsburg Municipal School District #1
SPECIAL REVENUE FUND - DUAL CREDIT INSTRUCTIONAL MATERIALS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ -	\$ 625	\$ 526	\$ (99)
Expenditures:				
Current:				
Instruction	\$ -	\$ 625	\$ 526	\$ 99
School administration				-
Total expenditures	\$ -	\$ 625	\$ 526	\$ 99
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2014	-	-	-	-
Fund balance, June 30, 2015	\$ -	\$ -	\$ -	\$ -
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			-	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ -	

The accompanying notes are an integral part of these financial statements.

Lordsburg Municipal School District #1
SPECIAL REVENUE FUND - RURAL SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ 9,508	\$ 13,573	\$ 11,205	\$ (2,368)
Expenditures:				
Current:				
Instruction	\$ 9,508	\$ 13,573	\$ 13,244	\$ 329
General administration				-
Total expenditures	<u>\$ 9,508</u>	<u>\$ 13,573</u>	<u>\$ 13,244</u>	<u>\$ 329</u>
Revenues over (under) expenditures	\$ -	\$ -	\$ (2,039)	\$ (2,039)
Other financing sources (uses)				
Transfers in	-			-
Net change in fund balance	\$ -	\$ -	\$ (2,039)	\$ (2,039)
Fund balance, July1, 2014			<u>(4,269)</u>	<u>(4,269)</u>
Fund balance, June 30, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (6,308)</u>	<u>\$ (6,308)</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(2,039)	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (2,039)</u>	

The accompanying notes are an integral part of these financial statements.

Lordsburg Municipal School District #1
SPECIAL REVENUE FUND - TEACHER/PRINCIPLE TRAINING
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ 30,454	\$ 71,249	\$ 32,655	\$ (38,594)
Expenditures:				
Current:				
Instruction	\$ 25,454	\$ 57,849	\$ 14,532	\$ 43,317
Support services - Students				-
School administration	<u>5,000</u>	<u>13,400</u>	<u>7,145</u>	<u>6,255</u>
Total expenditures	<u>\$ 30,454</u>	<u>\$ 71,249</u>	<u>\$ 21,677</u>	<u>\$ 49,572</u>
Net change in fund balance	\$ -	\$ -	\$ 10,978	\$ 10,978
Fund balance, July 1, 2014	<u>-</u>	<u>-</u>	<u>(58,196)</u>	<u>(58,196)</u>
Fund balance, June 30, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (47,218)</u>	<u>\$ (47,218)</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			12,904	
Expenditure accruals (net)			<u>(1,926)</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 10,978</u>	

The accompanying notes are an integral part of these financial statements.

Lordsburg Municipal School District #1
SPECIAL REVENUE FUND - BREAKFAST FOR ELEMENTARY STUDENTS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State sources	\$ -	\$ 5,844	\$ 5,286	\$ (558)
Expenditures:				
Current:				
Food services	-	5,844	5,844	-
Net change in fund balance	\$ -	\$ -	\$ (558)	\$ (558)
Fund balance, July 1, 2014	-	-	-	-
Fund balance, June 30, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (558)</u>	<u>\$ (558)</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(558)	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (558)</u>	

The accompanying notes are an integral part of these financial statements.

Lordsburg Municipal School District #1
SPECIAL REVENUE FUND - READS TO LEADS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State sources	\$ 50,000	\$ 50,000	\$ 58,450	\$ 8,450
Expenditures:				
Current:				
Instruction	<u>50,000</u>	<u>50,000</u>	<u>49,005</u>	<u>995</u>
Net change in fund balance	\$ -	\$ -	\$ 9,445	\$ 9,445
Fund balance, July 1, 2014	<u>-</u>	<u>-</u>	<u>(21,699)</u>	<u>(21,699)</u>
Fund balance, June 30, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (12,254)</u>	<u>\$ (12,254)</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			9,445	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 9,445</u>	

The accompanying notes are an integral part of these financial statements.

Lordsburg Municipal School District #1
SPECIAL REVENUE FUND - NM GROWN FVV
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State sources	\$ -	\$ 850	\$ 157	\$ (693)
Expenditures:				
Current:				
Instruction	\$ -	\$ -	\$ -	\$ -
School administration				-
Operation of plant				-
Food services		850	832	18
Total expenditures	<u>\$ -</u>	<u>\$ 850</u>	<u>\$ 832</u>	<u>\$ 18</u>
Net change in fund balance	\$ -	\$ -	\$ (675)	\$ (675)
Fund balance, July 1, 2014	<u>-</u>	<u>-</u>	<u>(157)</u>	<u>(157)</u>
Fund balance, June 30, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (832)</u>	<u>\$ (832)</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(675)	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (675)</u>	

The accompanying notes are an integral part of these financial statements.

Lordsburg Municipal School District #1
SPECIAL REVENUE FUND - NEXT GENERATION ASSESSMENTS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ -	\$ -	\$ 3,459	\$ 3,459
Expenditures:				
Current:				
Instruction	\$ -	\$ -	\$ -	\$ -
Support services - Instruction				-
Operation of plant				-
Food services				-
Total expenditures	\$ -	\$ -	\$ -	\$ -
Net change in fund balance	\$ -	\$ -	\$ 3,459	\$ 3,459
Fund balance, July 1, 2014	-	-	(3,459)	(3,459)
Fund balance, June 30, 2015	\$ -	\$ -	\$ -	\$ -
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)				
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ -	

The accompanying notes are an integral part of these financial statements.

Lordsburg Municipal School District #1
SPECIAL REVENUE FUND - TEACHER & SCHOOL LEADER INCENTIVE PAY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ -	\$ 141,100	\$ -	\$ (141,100)
Expenditures:				
Current:				
Instruction	\$ -	\$ 117,382	\$ 92,733	\$ 24,649
School administration		23,718	13,400	10,318
Operation of plant				-
Food services				-
Total expenditures	\$ -	\$ 141,100	\$ 106,133	\$ 34,967
Net change in fund balance	\$ -	\$ -	\$ (106,133)	\$ (106,133)
Fund balance, July 1, 2014	-	-	-	-
Fund balance, June 30, 2015	\$ -	\$ -	\$ (106,133)	\$ (106,133)
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(106,133)	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ (106,133)	

The accompanying notes are an integral part of these financial statements.

Lordsburg Municipal School District #1
SPECIAL REVENUE FUND - TEACHER & SCHOOL LEADER INCENTIVE PAY GROUP
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State sources	\$ -	\$ 124,950	\$ -	\$ (124,950)
Expenditures:				
Current:				
Instruction	\$ -	\$ 43,121	\$ 40,280	\$ 2,841
Support services - Students		6,930	4,930	2,000
Support services - Instruction		8,736	7,142	1,594
General administration		2,700	1,722	978
School administration		18,063	13,995	4,068
Central services		9,000	6,890	2,110
Operation of plant		16,100	11,411	4,689
Transportation		3,200	2,584	616
Food services		17,100	12,056	5,044
Total expenditures	<u>\$ -</u>	<u>\$ 124,950</u>	<u>\$ 101,010</u>	<u>\$ 23,940</u>
Net change in fund balance	\$ -	\$ -	\$ (101,010)	\$ (101,010)
Fund balance, July 1, 2014	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (101,010)</u>	<u>\$ (101,010)</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(101,010)	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (101,010)</u>	

The accompanying notes are an integral part of these financial statements.

Lordsburg Municipal School District #1
SPECIAL REVENUE FUND - PRE K INITIATIVE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State sources	\$ 67,800	\$ 67,800	\$ 92,399	\$ 24,599
Expenditures:				
Current:				
Instruction	<u>67,800</u>	<u>67,800</u>	<u>58,200</u>	<u>9,600</u>
Net change in fund balance	\$ -	\$ -	\$ 34,199	\$ 34,199
Fund balance, July 1, 2014	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,199</u>	<u>\$ 34,199</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			34,199	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 34,199</u>	

The accompanying notes are an integral part of these financial statements.

Lordsburg Municipal School District #1
SPECIAL REVENUE FUND - KINDERGARTEN 3+
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State sources	\$ 49,464	\$ 103,517	\$ 89,387	\$ (14,130)
Expenditures:				
Current:				
Instruction	\$ 36,542	\$ 82,488	\$ 72,685	\$ 9,803
Student support	-	3,709	3,420	289
School administration	6,626	11,571	11,394	177
Operation of plant	5,296	5,396	4,576	820
Transportation	1,000	353	352	1
Total expenditures	<u>\$ 49,464</u>	<u>\$ 103,517</u>	<u>\$ 92,427</u>	<u>\$ 11,090</u>
Net change in fund balance	\$ -	\$ -	\$ (3,040)	\$ (3,040)
Fund balance, July 1, 2014	<u>-</u>	<u>-</u>	<u>(41,893)</u>	<u>(41,893)</u>
Fund balance, June 30, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (44,933)</u>	<u>\$ (44,933)</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			423	
Expenditure accruals (net)			<u>(3,463)</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (3,040)</u>	

The accompanying notes are an integral part of these financial statements.

Lordsburg Municipal School District #1
DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Local sources	\$ 822,731	\$ 822,731	\$ 833,044	\$ 10,313
Earnings on investments	<u>45</u>	<u>45</u>	<u>60</u>	<u>15</u>
Total revenues	<u>\$ 822,776</u>	<u>\$ 822,776</u>	<u>\$ 833,104</u>	<u>\$ 10,328</u>
Expenditures:				
Current:				
Administration	\$ 8,227	\$ 8,332	\$ 8,330	\$ 2
Principal	665,000	665,000	665,000	-
Interest	157,731	157,731	157,730	1
Reserve	<u>749,807</u>	<u>749,702</u>	<u></u>	<u>749,702</u>
Total expenditures	<u>\$ 1,580,765</u>	<u>\$ 1,580,765</u>	<u>\$ 831,060</u>	<u>\$ 749,705</u>
Net change in fund balance	\$ (757,989)	\$ (757,989)	\$ 2,044	\$ 760,033
Fund balance, July 1, 2014	<u>757,989</u>	<u>757,989</u>	<u>762,987</u>	<u>4,998</u>
Fund balance, June 30, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 765,031</u>	<u>\$ 765,031</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (9,289)	
Revenue accruals (net)			11,333	
Expenditure accruals (net)			<u></u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 2,044</u>	

The accompanying notes are an integral part of these financial statements.

Lordsburg Municipal School District #1
CAPITAL PROJECTS FUND - BOND BUILDING
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Local sources	\$ -	\$ -	\$ -	\$ -
Earnings on investments	300	300	528	228
	<u>\$ 300</u>	<u>\$ 300</u>	<u>\$ 528</u>	<u>\$ 228</u>
Total revenues				
Expenditures:				
Capital outlay	<u>2,139,022</u>	<u>2,139,022</u>	<u>364,785</u>	<u>1,774,237</u>
Revenues over (under) expenditures	\$(2,138,722)	\$(2,138,722)	\$ (364,257)	\$(1,774,009)
Other financing sources (uses):				
Bond proceeds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance after other financing sources (uses)	\$(2,138,722)	\$(2,138,722)	\$ (364,257)	\$ 1,774,465
Fund balance, July 1, 2014	<u>2,138,722</u>	<u>2,138,722</u>	<u>2,137,718</u>	<u>(1,004)</u>
Fund balance, June 30, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,773,461</u>	<u>\$ 1,773,461</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (816,152)	
Revenue accruals (net)			451,895	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (364,257)</u>	

The accompanying notes are an integral part of these financial statements.

Lordsburg Municipal School District #1
CAPITAL PROJECTS FUND - SPECIAL CAPITAL OUTLAY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State sources	\$ 21,075	\$ 21,075	\$ 21,075	\$ -
Earnings on investments				-
Total revenues	<u>\$ 21,075</u>	<u>\$ 21,075</u>	<u>\$ 21,075</u>	<u>\$ -</u>
Expenditures:				
Capital outlay	<u>21,075</u>	<u>21,075</u>	<u>21,075</u>	<u>-</u>
Revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
Other financing sources (uses):				
Bond proceeds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance after other financing sources (uses)	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2014	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30, 2015	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			-	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ -</u></u>	

The accompanying notes are an integral part of these financial statements.

Lordsburg Municipal School District No. 1
**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY OF
 THE EDUCATIONAL RETIREMENT BOARD (ERB) PLAN
 LAST 10 FISCAL YEARS***

	2015
Lordsburg Municipal School District No. 1's proportion of the net pension liability	.14097%
Lordsburg Municipal School District No. 1's proportionate share of the net pension liability	\$ 8,043,362
Lordsburg Municipal School District No. 1's covered employee payroll	\$ 3,722,143
Lordsburg Municipal School District No. 1's proportionate share of the net pension liability as a percentage of its covered-employee payroll	216%
Plan fiduciary net position as a percentage of the total pension liability	66.54%

*The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10 year trend is compiled, Lordsburg Municipal School District No. 1 will present information for those years for which information is available.

Lordsburg Municipal School District No. 1
SCHEDULE OF CONTRIBUTIONS
EDUCATIONAL RETIREMENT BOARD (ERB) PENSION PLAN
***LAST 10 FISCAL YEARS**

	2015
Contractually required contributions	\$ 517,257
Contributions in relation to contractually required contribution	(517,257)
Contribution deficiency (excess)	\$ -
Lordsburg Municipal School District No. 1's covered-employee payroll	\$ 3,722,143
Contributions as a percentage of covered-employee payroll	13.90%

*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, Lordsburg Municipal School District No. 1 will present information for those years for which information is available.

Lordsburg Municipal School District No. 1
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2015

Changes in benefit terms – The Cola and retirement eligibility benefits changes in recent years are described in the **Benefits Provided** subsection of the financial statement note disclosure **General Information on the Pension Plan**.

Changes of Assumptions

ERB conducts an actuarial experience study for the Plan on a biennial basis. Based on the six-year actuarial experience study presented to the Board of Trustees on April 26, 2013, ERB implemented the following changes in assumptions for the fiscal years 2014 and 2013:

1. Fiscal year 2014 and 2013 valuation assumptions that changed based on this study:
 - a. Lower wage inflation from 4.75% to 4.25%
 - b. Lower payroll growth from 3.75% to 3.5%
 - c. Minor changes in demographic assumptions
 - d. Population growth per year from 075% to .50%

2. Assumptions that were not changed:
 - a. Investment return will remain at 7.75%
 - b. Inflation will remain at 3.00%

See also the **Actuarial Assumptions** subsection of the financial statement note disclosure **General Information on the Pension Plan**.

Lordsburg Municipal School District #1
AGENCY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
June 30, 2015

	Balance July 1, 2014	Receipts	Disbursements	Balance June 30, 2015
Assets				
Cash and investments:				
Lordsburg High School	\$ 106,000	\$ 99,234	\$ 111,386	\$ 93,848
DTMS Middle School	3,149	7,299	8,036	2,412
Central Elementary School	660	90	600	150
Southside Elementary School	18	-	-	18
Total Assets	\$ 109,827	\$ 106,623	\$ 120,022	\$ 96,428
Liabilities				
Deposits held for others:				
Lordsburg High School	\$ 106,000	\$ 99,234	\$ 111,386	\$ 93,848
DTMS Middle School	3,149	7,299	8,036	2,412
Central Elementary School	660	90	600	150
Southside Elementary School	18	-	-	18
Total Liabilities	\$ 109,827	\$ 106,623	\$ 120,022	\$ 96,428

The accompanying notes are an integral part of these financial statements

Lordsburg Municipal School District #1
SCHEDULE OF DEPOSITORY COLLATERAL
June 30, 2015

	Western Bank	Total
Checking and CD's	\$ 3,855,200	\$ 3,855,200
Total on deposit	\$ 3,855,200	\$ 3,855,200
Less: FDIC insurance	(250,000)	(250,000)
Total uninsured public funds	\$ 3,605,200	\$ 3,605,200
50% collateralization requirement (Section 6-10-17 NMSA)	\$ 1,802,600	\$ 1,802,600
Pledged Securities:		
FNMA 2001-64E QH 31392AHX9 11/25/2031	\$ 254,802	\$ 254,802
Silver City School District, 827513EX6 8/1/2017	421,079	421,079
Silver City NM Gross Recpts 82750PAP9 6/1/2025	290,265	290,265
FHR 3820 PA 3137A8S31 7/15/2019	161,502	161,502
Chama VY Indpt Sch Dist 19 157670DD9 8/1/2017	212,844	212,844
Corrales NM Hold GRT 22026TAK6 5/1/23	165,926	165,926
Grant and Cibola Cnty NM Sch 388240CY7 10/1/15	136,146	136,146
Torrence County NM 891398BA6 8/1/2016	325,878	325,878
Total pledged securities	\$ 1,968,442	\$ 1,968,442
Pledged securities over (under) requirement	\$ 165,842	\$ 165,842

Pledged securities are held by the Federal Home Loan Bank of Dallas, TX.
Safekeeping receipts are held by the District.

Lordsburg Municipal School District #1
SCHEDULE OF INDIVIDUAL DEPOSIT ACCOUNTS AND INVESTMENTS
 June 30, 2015

	<u>Type of Account</u>	<u>Bank Balance</u>	<u>Reconciled Balance</u>
<u>Western Bank</u>			
Federal Projects	Checking	\$ 83,511	\$ 15,023
Activity	Checking	24,708	164,143
Trella Rolfe Scholarship	Checking	613	613
Capital Improvement	Checking	1,963,908	2,106,612
Payroll	Checking	223,107	-
Athletics	Checking	21,785	25,500
Cafeteria	Checking	158,244	96,195
Operational	Checking	881,726	746,573
Investments	Checking	497,598	248,117
		<u>\$ 3,855,200</u>	<u>\$ 3,402,776</u>
Total cash and investments			

Lordsburg Municipal School District #1
SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS
ALL FUNDS BY SCHOOL DISTRICT CLASSIFICATION
For The Fiscal Year Ended June 30, 2015

	<u>Operational</u>	<u>Transportation</u>	<u>Instructional Materials</u>	<u>Food Services</u>	<u>Athletics</u>
Total cash and investments as of July 1, 2014	\$ 397,708	\$ 16,287	\$ 15,089	\$ 54,587	\$ 43,356
Add: Current year receipts	5,436,838	349,336	34,718	320,634	37,390
Prior year warrants voided					
Less: Current year expenditures	(5,328,529)	(356,285)	(23,504)	(304,025)	(55,245)
Receivables/payables	(275,000)			25,000	
Transfers					
Total cash and investments as of June 30, 2015 per cash report	\$ 231,017	\$ 9,338	\$ 26,303	\$ 96,196	\$ 25,501
Audit adjustment					
Cash and investments per audit report	<u>\$ 231,017</u>	<u>\$ 9,338</u>	<u>\$ 26,303</u>	<u>\$ 96,196</u>	<u>\$ 25,501</u>

Lordsburg Municipal School District #1
SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS (continued)
ALL FUNDS BY SCHOOL DISTRICT CLASSIFICATION
For The Fiscal Year Ended June 30, 2015

	Non- Instructural Support	Federal Projects	Federal Direct	State Flowthrough	State Direct Fund
Total cash and investments as of July 1, 2014	\$ 182,092	\$ (192,113)	\$ (2,936)	\$ (120,808)	\$ 933
Add: Current year receipts	150,568	486,866	57,272	249,665	9,000
Prior year warrants voided					
Less: Current year expenditures	(167,903)	(529,729)	(57,271)	(413,977)	(9,933)
Receivables/payables		250,000			
Transfers			2,936		
Total cash and investments as of June 30, 2015	\$ 164,757	\$ 15,024	\$ 1	\$ (285,120)	\$ -
Audit adjustment					
Cash and investments per audit report	<u>\$ 164,757</u>	<u>\$ 15,024</u>	<u>\$ 1</u>	<u>\$ (285,120)</u>	<u>\$ -</u>

Lordsburg Municipal School District #1
SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS (concluded)
ALL FUNDS BY SCHOOL DISTRICT CLASSIFICATION
For The Fiscal Year Ended June 30, 2015

	<u>Bond Building</u>	<u>Special Capital Outlay State</u>	<u>SB-9</u>	<u>Debt Service</u>	<u>Total</u>
Total cash and investments as of July 1, 2014	\$ 2,137,718	\$ -	\$ 423,859	\$ 762,987	\$ 3,718,759
Add: Current year receipts		21,075		833,104	7,986,466
Prior year warrants voided					-
Less: Current year expenditures	(364,785)	(21,075)	(90,180)	(831,061)	(8,553,502)
Receivables/payables					-
Transfers					2,936
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total cash and investments as of June 30, 2015	\$ 1,772,933	\$ -	\$ 333,679	\$ 765,030	\$ 3,154,659
Audit adjustment	528		247,589		248,117
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Cash and investments per audit report	<u>\$ 1,773,461</u>	<u>\$ -</u>	<u>\$ 581,268</u>	<u>\$ 765,030</u>	<u>\$ 3,402,776</u>

Lordsburg Municipal School District No. 1
SCHEDULE OF JOINT POWERS AGREEMENTS
 June 30, 2014

Participants-	Lordsburg Municipal School District No. 1 and the Southwest Regional Education Center # 10
Responsible party for operations-	The District as well as the Southwest Regional Education Center # 10
Description-	Participants agree to work together to establish and maintain cooperative programs of educational services under various federal and state authorizing statutes
Beginning and ending dates-	To be renewed each fiscal year
Total estimated amount of project and amount applicable to agency-	Varies year to year and is based upon program awards
Amount agency contributed in current fiscal year-	Based upon programs awarded
Audit responsibility-	Southwest Regional Education Center # 10
Name of agency where revenues and expenditures are reported-	Southwest Regional Education Center # 10
Participants-	Lordsburg Municipal School District No. 1, the County of Hidalgo and the City of Lordsburg
Responsible party for operations-	The District, the City of Lordsburg and Hidalgo County
Beginning and ending dates-	Until project is complete
Total cost and amount attributable to the District	\$550,000.00 allocation from NM Higher Education Dept.
Amount District contributed in the current fiscal year	\$550,000.00
Audit responsibility	District, City and County
Agency that is to account for activity	Lordsburg Municipal Schools

Lordsburg Municipal School District #1
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Fiscal Year Ended June 30, 2015

<u>Federal Grantor/Pass-through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Grantor's Number</u>	<u>Federal Expenditures</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Passed through N.M. Department of Education:			
Title I Grants to Lea's	84.010	24.101	\$ 316,458
Special Education - Grants to States	84.027	24.106	155,187
Special Education - Preschool Grants	84.173	24.109	19,998
Education of the Homeless	84.196	24.113	1,165
Rural Education	84.358	24.160	13,244
Teacher Quality State Grants	84.367	24.154	<u>19,751</u>
Total U.S. Department of Education			<u>\$ 525,803</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Direct Programs:			
Schools and Roads-Grants to States	10.665	N/A	\$ 19,970
Passed through N.M. Department of Education:			
National School Lunch Program	10.555	N/A	164,739
Summer Food Service Program for Children	10.559	N/A	8,271
School Breakfast Program	10.553	N/A	93,282
Passed through N.M. Department of Human Svc's:			
Emergency Food Assistance Program	10.569	N/A	<u>17,405</u>
Total U.S. Department of Agriculture			<u>\$ 303,667</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Passed through the N.M. Dept. of Human Services:			
Medical Assistance Program	93.778	24.253	<u>\$ 54,336</u>
Total expenditures of federal awards			<u><u>\$ 883,806</u></u>

See the accompanying notes to Schedule of Expenditures of Federal Awards.

Lordsburg Municipal School District No. 1
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Fiscal Year Ended June 30, 2015

Note 1 Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Lordsburg Municipal School District No. 1 and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

Note 2 Non-monetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. The District received \$17,405 in food commodities during the 2014-2015 fiscal year.

Note 3 The District had the following insurance coverages during the year ended June 30, 2015:

Workers compensation	\$ 1,050,000
Property	500,000,000
Liability	1,000,000
Auto	10,000,000

Lordsburg Municipal School District
SCHEDULE OF VENDOR INFORMATION for Purchases Exceeding \$60,000 (excluding GRT)

For The Fiscal Year Ended June 30, 2015

Prepared By TINA DIAZ Title BUSINESS MANAGER Date 10/19/2015

RFB#/RFP#/ State-Wide Price Agreement #	Type o Procurement	Awarded Vendor	Amount of Awarded Contract	Amount of Amended Contract	Name and Physical Address of All Vendor(s) that responded	In-State/ Out-of-State Vendor (Y or N) (Based on Statutory Definition	Was the vendor in- state and chose Veteran's Preference (Y or N)	Brief Description of the Scope of Work
None	None	None	None	None	None	None	None	None

Lordsburg Municipal School District #1
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Fiscal Year Ended June 30, 2015

Current Status

Findings – Financial Statement Audit

2014-001 Cash not reported to PED correctly	Repeated
2014-002 Receipts at remote locations not reconciled	Resolved
2014-003 Expenditures incurred in excess of budgetary authority	Resolved

Findings and Questioned Costs – Major Federal Award Programs

None

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LINDA STONE McGEE, C.P.A.
KAY STONE, C.P.A.
JARROD MASON, C.P.A.
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**REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS IN
ACCORDANCE WITH *GOVERNMENTAL AUDITING STANDARDS***

INDEPENDENT AUDITOR'S REPORT

Timothy Keller, State Auditor
and
Board of Education
Lordsburg Municipal School District No. 1
Lordsburg, New Mexico

We were engaged to audit the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons of the general fund and major special revenue funds of Lordsburg Municipal School District No. 1 as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Lordsburg Municipal School District No. 1's basic financial statements and have issued our report thereon dated October 29, 2015. We were also engaged to audit the financial statements of each of the District's non-major governmental funds and related budgetary comparisons presented as other supplementary information as of and for the year ended June 30, 2015 and have issued our report thereon dated October 29, 2015. Our report dated October 29, 2015, on the financial statements stated that because we were unable to satisfy ourselves as to cash balances due to the lack of bank reconciliations, the scope of our work was not sufficient to enable us to express, and we did not express, an opinion on the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general and major special revenue funds, and the financial statements of the non-major governmental funds and related budgetary comparisons presented as other supplementary information.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lordsburg Municipal School District No. 1's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lordsburg Municipal School District No. 1's internal control. Accordingly, we do not express an opinion on the effectiveness of Lordsburg Municipal School District No. 1's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as finding 2014-001 that we consider to be material a weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lordsburg Municipal School District No. 1's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Lordsburg Municipal School District No. 1's Response to Findings

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The District's responses were not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lordsburg Municipal School District No. 1's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Stone, McGee & Co CPAs

Silver City, New Mexico
October 29, 2015

Stone, McGee & Co.
Certified Public Accountants

MIKE STONE, C.P.A.
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**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

INDEPENDENT AUDITOR'S REPORT

Timothy Keller, State Auditor
And
Board of Education
Lordsburg Municipal School District No. 1
Lordsburg, New Mexico

Report on Compliance for Each Major Program

We have audited Lordsburg Municipal School District No. 1's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Lordsburg Municipal School District No. 1's major federal programs for the year ended June 30, 2015. Lordsburg Municipal School District No. 1's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Lordsburg Municipal School District No. 1's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Lordsburg Municipal School District No. 1's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Lordsburg Municipal School District No. 1's compliance.

Opinion on Each Major Federal Program

In our opinion, Lordsburg Municipal School District No. 1 complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of Lordsburg Municipal School District No. 1 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Lordsburg Municipal School District No. 1's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Lordsburg Municipal School District No. 1's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2015-001 that we consider to be a material weakness.

Lordsburg Municipal School District No. 1's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Lordsburg Municipal School District No. 1's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Stone, McGee & Co CPAs

Silver City, New Mexico
October 29, 2015

Stone, McGee & Co.
Certified Public Accountants

Lordsburg Municipal School District No. 1
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2015

SUMMARY OF AUDIT RESULTS

1. The auditor's report disclaims an opinion on the financial statements of Lordsburg Municipal School District No. 1.
2. One significant deficiency relating to the audit of the financial statements is reported in the *Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards*. It is reported as a material weakness.
3. No instances of noncompliance material to the financial statements of Lordsburg Municipal School District No. 1, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. One significant deficiency related to the audit of the major federal award programs is reported in the *Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133*. The deficiency is reported as a material weakness.
5. The auditor's report on compliance for the major federal award programs for Lordsburg Municipal School District No. 1 expresses an unmodified opinion on all major programs.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this schedule.
7. The programs tested as major programs included: Title I Grants to Lea's, CFDA No. 84.010; and the Special Education cluster, consisting of Special Education – Grants to States, CFDA No. 84.027, and the Special Education – Preschool Grants, CFDA No. 84.173.
8. The threshold for distinguishing types A and B programs was \$300,000.
9. Lordsburg Municipal School District No. 1 was not a low-risk auditee.

FINDINGS – FINANCIAL STATEMENT AUDIT

2014-001 Cash Reconciliations (Material Weakness)

Condition – The District has not reconciled its bank accounts since December, 2014. As a result, the cash in banks has not been reconciled to individual fund cash since December, 2014. In addition, the District's cash report to the New Mexico Public Education Department (PED) was not properly formatted, resulting in the omission of revenue in some funds, thereby misstating cash.

The District implemented its corrective action plan to update its cash balances at June 30, 2014, both in reports to PED and budgeted beginning cash balances. However, since cash at June 30, 2015, had not been reconciled, the District cannot provide assurance that the cash balances reported at June 30, 2015 to PED are correct.

Criteria – Generally accepted accounting principles and the New Mexico Public Education Department’s “Manual of Procedures” requires monthly reconciliation of bank accounts, and reconciliation of cash in bank to individual fund balances. The “Manual of Procedures” further requires the reporting of reconciled cash balances to the Department on a periodic basis.

Effect – The District is unable to report bank cash balances that can be verified, and individual fund cash balances cannot be determined. This violates the Department’s manual of procedures, and renders the District’s books and records possibly unreliable and certainly not auditable. The District’s lack of ability to obtain an opinion on its financial statements could have an effect on legislative and federal funding, as well as issuance of future general obligation bonds.

Cause – The District’s had significant turnover and/or absences in personnel. This required the Business Manager to direct her efforts elsewhere, leaving insufficient time to prepare the cash reconciliations. In addition, cash reports to PED were not reviewed at year-end to ensure that all data required was reported.

Recommendation – We recommend that the District reconcile the bank accounts as soon as possible, and compare them to individual fund balances for accuracy. We further recommend that the District establish a procedure whereby other District personnel oversight the reconciling process to ensure timely reconciliations are performed. Finally, we recommend that cash reports to PED be reviewed for accuracy prior to submission.

Agency Response – The District will bring the cash reconciliations up-to-date as soon as possible, and provide the cash adjustments to PED. Supervisory personnel will be involved in the cash report review process.

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS

DEPARTMENT OF EDUCATION

2015-001 Title I Grants to LEA’s-CFDA No. 84.010, Grant No. 24.101, Passed through New Mexico Public Education Department, Grant period-Year ended June 30, 2015

Material Weakness: As discussed in Finding 2014-001, the District has not reconciled cash in banks, and therefore cash by individual fund cannot be verified, including federal funds. Because cash has not been reconciled, the possibility exists that the appropriate amount of cash has not been identified with federal funds. Procedures should be implemented to reconcile cash in banks, and verify that the correct cash balances by fund are included in the District’s general ledger.

OTHER – FINANCIAL STATEMENT PREPARATION

The financial statements were prepared by Stone, McGee & Co., C.P.A.’s, with substantial assistance from District personnel, who have acknowledged and accepted responsibility for the financial statements.

EXIT CONFERENCE

The contents of this report were discussed October 20, 2015. Present at this exit conference were:

<u>Name</u>	<u>Title</u>	<u>Affiliation</u>
Manuel D.V. Saucedo	Board President	Lordsburg Municipal Schools
Alfredo Morelos	Board Member	Lordsburg Municipal Schools
Randall Piper	Superintendent	Lordsburg Municipal Schools
Tina Diaz	Business Manager	Lordsburg Municipal Schools
Connie Newell	Audit Committee Member	Lordsburg Municipal Schools
Mike Stone	Shareholder	Stone, McGee & Co., CPAs